



1984 Annual Financial Report

ERRATUM

Page 102

METROPOLITAN TORONTO
BOARD OF COMMISSIONERS
OF POLICE SUPPLEMENTAL
PENSION BENEFITS TRUST
FUND

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"DOLLARS IN THOUSANDS"

from

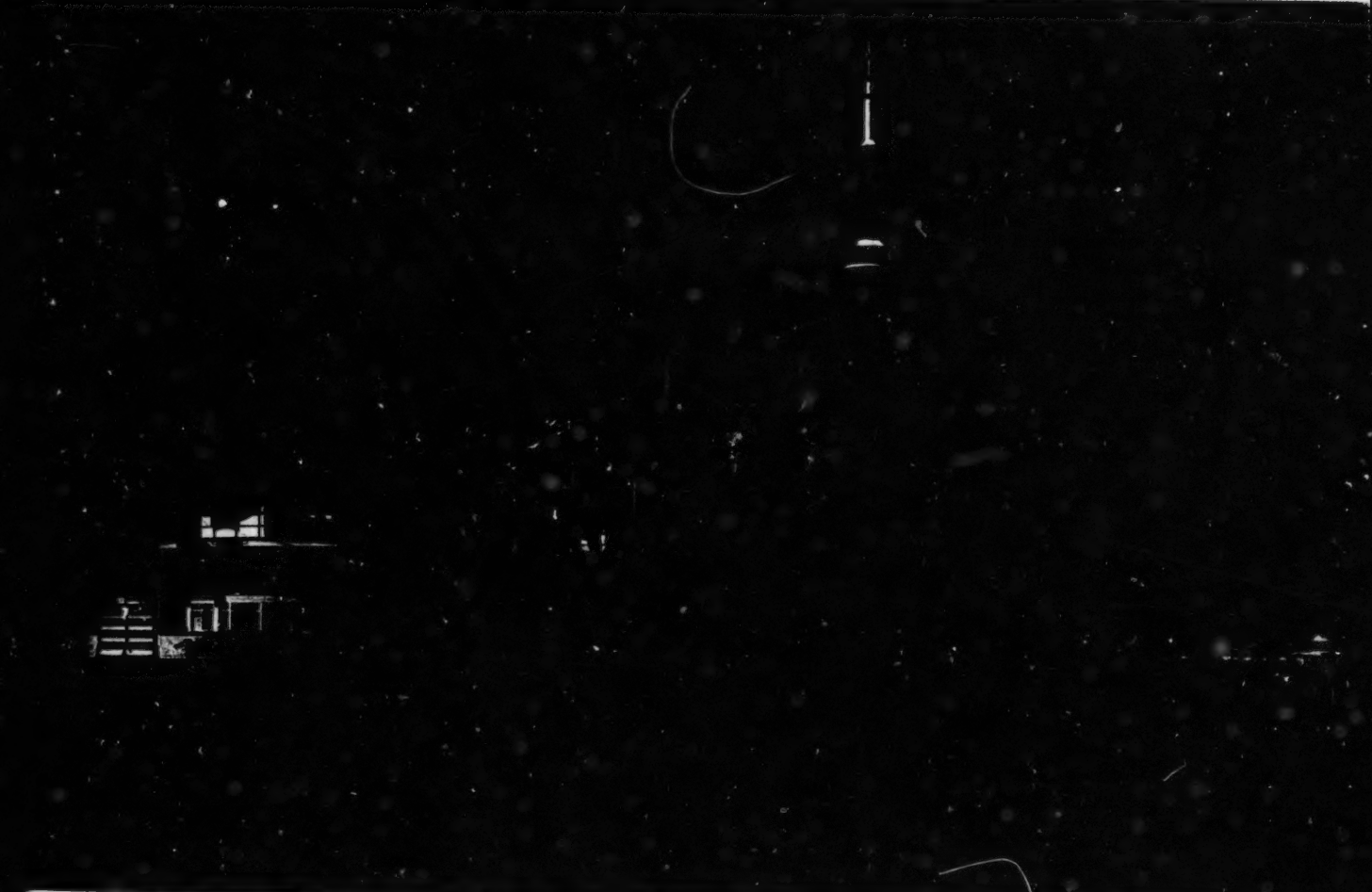
BALANCE SHEET

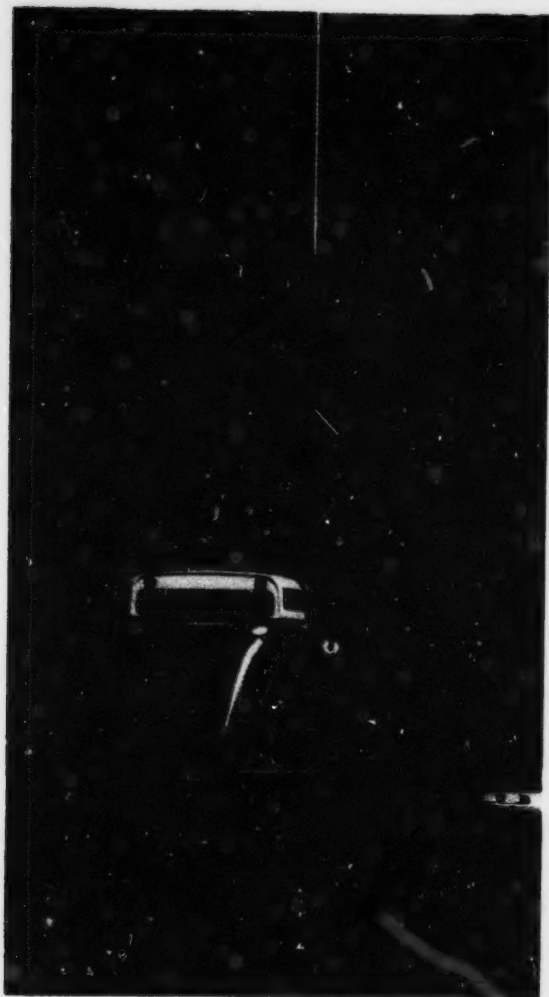
and

STATEMENT OF REVENUE,
EXPENDITURE AND
ACCUMULATED TRUST FUND

1984 Annual Report of the Commissioner of Finance

The Municipality of Metropolitan Toronto...the first community in North America to adopt, as a concept and a structure for local government, a regional federation of municipalities...





For nearly 420 million riders in 1984, Metro's transit system was, indeed, "The Better Way."



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THE METROPOLITAN COUNCIL

***Chairman** Paul Godfrey

Dennis Flynn
(Effective August 31, 1984)

City of Toronto

* Mayor Arthur Eggleton
* Alderman Frederick Beavis
Alderman Joanne Campbell
Alderman Richard Gilbert
Alderman Ben Gryns
Alderman Ying Hope
Alderman Thomas Jakobek
Alderman Anne Johnston
* Alderman Tony O'Donohue
* Alderman June Rowlands
Alderman John Sewell
Jack Layton
(Effective February 7, 1984)
Alderman Derwyn Shea

City of North York

* Mayor Mel Lastman
* Controller Barbara Greene
* Controller Esther Shiner
Controller William Sutherland
Controller Robert Yuill
Alderman Milton Berger
Alderman Andrew Borins
Alderman Irving Chapley
Alderman Mario Gentile
Alderman Betty Sutherland

City of Scarborough

* Mayor Gus Harris
Controller Frank Faubert
* Controller Ken Morrish
Controller Carol Ruddell-Foster
Ed Fulton
(Effective June 29, 1984)
Controller Joyce Trimmer
Alderman Florence Cruickshank
Alderman Maureen Prinsloo

City of Etobicoke

* Mayor Dennis Flynn
Bruce Sinclair
(Effective September 4, 1984)
Controller Leonard Braithwaite
Controller Dick O'Brien
* Controller Bruce Sinclair
Lois Griffin
(Effective September 4, 1984)
Controller Chris Stockwell

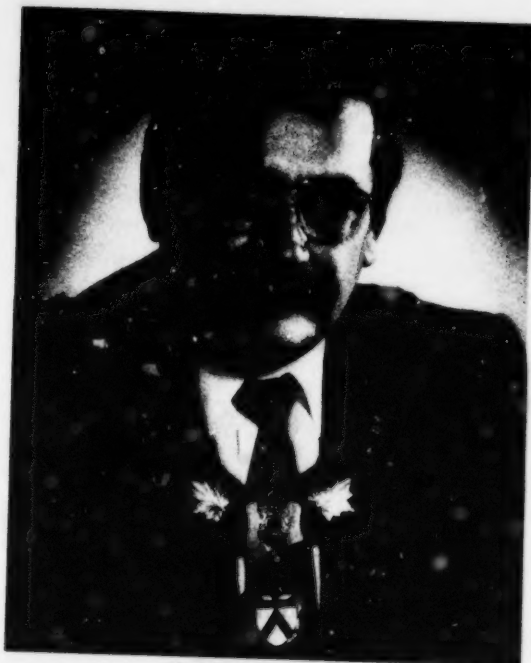
City of York

* Mayor Alan Tonks
Controller Fergy Brown
Controller Philip White

Borough of East York

* Mayor David Johnson
Alderman Peter Oyler

* Member of the Metropolitan Executive Committee.



C. DENNIS FLYNN
Chairman — Metropolitan Council
Effective August 1984



PAUL V. GODFREY
Chairman — Metropolitan Council
July 1973 - August 1984



METROPOLITAN COUNCIL — 1984

(Left to Right)

FRONT ROW: D. Johnson, M. Laizman, D. Flynn, P. Godfrey, A. Eggleton, G. Harris, A. Tonks

SECOND ROW: B. Sutherland, J. Rowlands, W. Sutherland, M. Prinsloo, P. White, F. Cruickshank, Y. Hope, J. Trimmer, F. Faulbert, B. Greene, J. Campbell

THIRD ROW: A. Johnston, C. Ruddell-Foster, P. Oylar, D. O'Brien, I. Chapley, R. Gilbert, M. Gentile, E. Shiner, B. Gryz, L. Braithwaite, F. Bearis, M. Berger

REAR ROW: B. Sinclair, T. O'Donoghue, R. Yuill, F. Brown, T. Jakobek, D. Shea, C. Stockwell, K. Morrisish, J. Sewell, A. Borins

MISSING: J. Layton, E. Fulton, L. Griffin



Metropolitan Toronto Treasury Department — Senior Management (from left to right: M. A. Brooks, Director — Accounting, J. W. Poat, Deputy Treasurer, J. L. Pickard, Commissioner, R. F. Gibbs, Director — Funded Debt and Investments)

HEADS OF METROPOLITAN DEPARTMENTS

A. G. Andrews	Metropolitan Auditor
R. J. Bower	Commissioner, Planning
R. G. Bundy	Commissioner, Parks & Property
S. Cass	Commissioner, Roads & Traffic
J. H. Dean	Commissioner, Ambulance Services
A. J. De Gagné	Commissioner, Management Services
P. Ferguson	Commissioner, Personnel
F. J. Horgan	Commissioner, Works
A. P. G. Joy	Metropolitan Solicitor
J. P. Kruger	Chief Administrative Officer
W. J. Lotto	Metropolitan Clerk
J. R. Picherack	Commissioner, Community Services
J. L. Pickard	Commissioner, Finance and Treasurer

HEADS OF METROPOLITAN BOARDS, COMMISSIONS AND AGENCIES

J. W. Ackroyd	Chief of Police
J. Marks	Chief of Police (Effective July 1, 1984)
R. D. Barbaro	Interim General Director, Metropolitan Toronto Zoo
W. A. Barker	General Manager, Licensing Commission
C. Ruddell-Foster	General Manager, Licensing Commission (Effective June 25, 1984)
C. Brown	Director and Secretary-Treasurer, Metropolitan Toronto School Board
C. F. Cutts	General Manager, O'Keefe Centre for the Performing Arts
Y. Halvorsen	General Manager, The Guild
W. Markwart	General Manager, The Guild (Effective May 1, 1984)
M. Mooney	General Manager, The Guild (Effective November 1, 1984)
D. Meadows	Director, Metropolitan Toronto Library Board
D. Richmond	General Manager, Metropolitan Toronto Housing Co., Ltd.
A. H. Savage	Chief General Manager, Toronto Transit Commission
W. Stockwell	Chief General Manager, Exhibition Place

ORGANIZATIONAL STRUCTURE

The Municipality of Metropolitan Toronto is governed by a forty-member Metropolitan Council, composed of a Chairman (elected by the members of Council) and senior elected members of the local municipalities.

The Metropolitan Council is supported in the decision-making process by the Executive Committee (composed of the Metropolitan Chairman and thirteen appointed Council members) and six Standing Committees (each composed of seven Council members). The Standing Committees consider, in detail, a wide variety of matters and make recommendations thereon, through the Executive Committee, to the full Metropolitan Council.

The operation of services for which Metropolitan Toronto is responsible are administered by a support staff composed of fourteen Metropolitan Departments, and various Boards, Commissions and Agencies.

Metropolitan Departments provide operational and support services as follows:

Operational Services

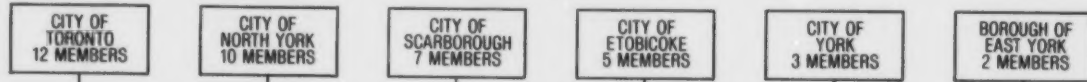
Ambulance
Community Services
 — Children's Services
 — Homes for the Aged
 — Social Services
 — Housing
Parks and Property
Planning
Roads and Traffic
Works

Support Services

Audit
Chairman's Office
Chief Administrative Officer
Clerk's
Legal
Management Services
Personnel
Treasury

Other Metropolitan Toronto services are administered, through Metropolitan Council, by the various Boards, Commissions and Agencies.

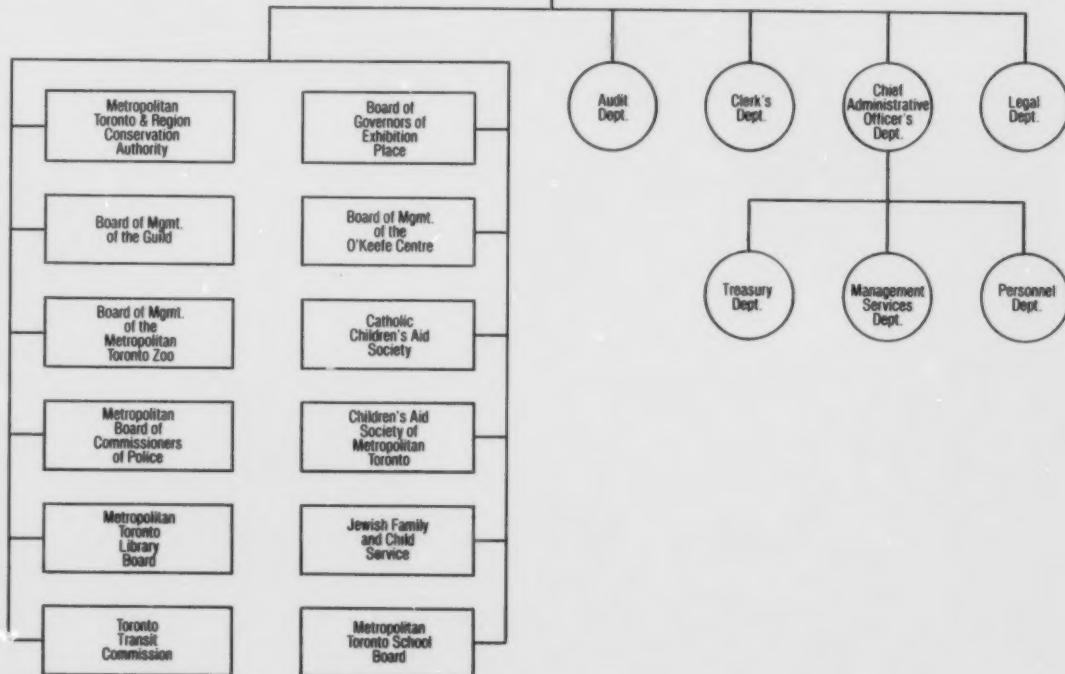
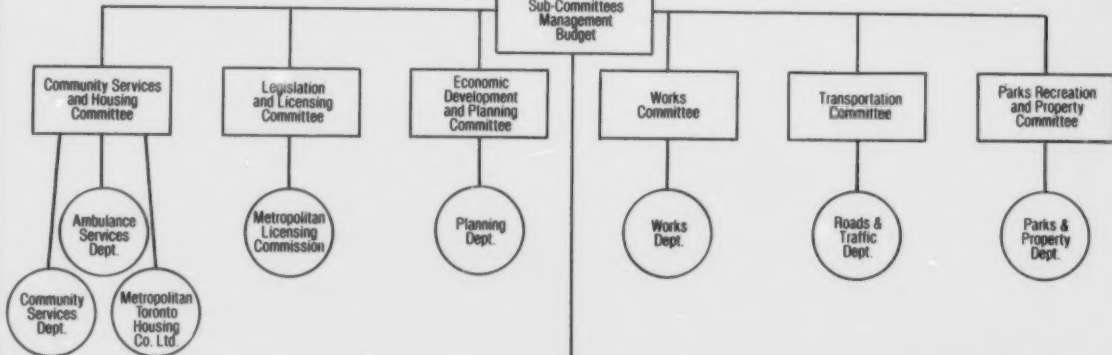
ORGANIZATIONAL CHART

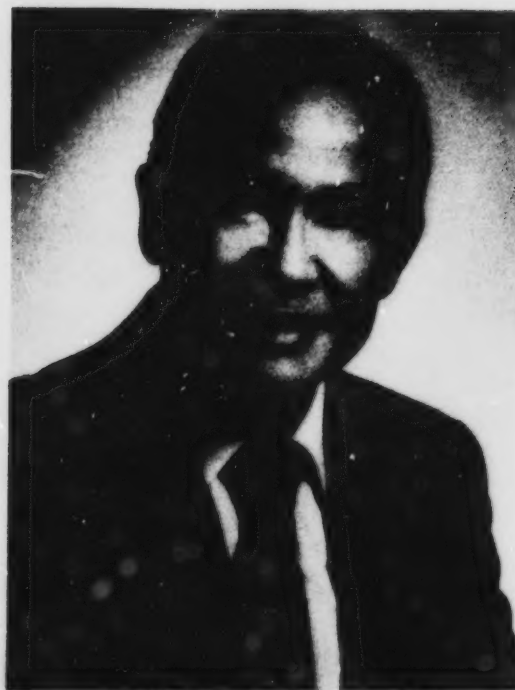


Metropolitan Council

Chairman
Chairman's Office

Executive Committee
Sub-Committees
Management
Budget





JOHN L. PICKARD, B. Comm., F.C.A.
Commissioner of Finance and Treasurer

The Municipality of
Metropolitan Toronto

Treasury Department

City Hall, West Tower, 10th Floor
Toronto, Ontario, Canada M5H 2N1

John L. Pickard, B.Com., F.C.A.
Commissioner of Finance and Treasurer

J. W. Peat, I.P.F.A., F.C.C.A.
Director of Financial Services and Deputy Treasurer

I am pleased to present the Annual Financial Report of the Municipality of Metropolitan Toronto for 1984 and to highlight some of the more significant financial and economic activities and events which occurred during that year.

INTRODUCTORY

GENERAL

The Municipality of Metropolitan Toronto was incorporated in 1953 as a regional government by an act of the Province of Ontario. Located on the north shore of Lake Ontario, it consists of six area municipalities, namely, the Cities of Toronto, North York, Scarborough, Etobicoke and York, and the Borough of East York. The Metropolitan Toronto Area covers 632 square kilometres, extending 40 kilometres along the north shore of Lake Ontario and 16 kilometres inland.

The Metropolitan Area had a population of 2,131,942 at December 31, 1984, which represented approximately 9% of the population of Canada and 25% of the population of Ontario. The following table sets forth the estimated population of each of the Area Municipalities at such date:

	Population	% of Total
City of Toronto	597,171	28.0
City of North York	555,276	26.0
City of Scarborough	449,372	21.1
City of Etobicoke	298,122	14.0
City of York	133,753	6.3
Borough of East York	98,248	4.6
	2,131,942	100.0

Metropolitan Toronto was the first community in North America to adopt a regional federation of municipalities as a concept and a structure for local government. The governing principle of the Metropolitan Corporation is that certain services common to the entire Metropolitan Area are the responsibility of the Metropolitan Corporation while, on the other hand, services of a more local nature are the responsibility of the individual Area Municipalities. This principle recognizes the need to unify those functions common to the whole Metropolitan area which, in the interest of economy, effectiveness, and efficiency should not be fragmented; while at the same time allowing for local administration in matters of local concern.

In general, responsibilities are divided between the Metropolitan Corporation and the Area Municipalities depending on whether such function has been defined as "area-wide" or "local" in scope. Some examples of the exclusive responsibilities of each are:

Metropolitan Corporation

police protection
regional roads and expressways
public transit
solid waste disposal
water pollution control
water supply
ambulance services
social services
elderly persons' housing
regional parks
development control

Area Municipalities

fire protection
local streets
garbage collection
local and neighbourhood parks
local parking lots
administration of civic elections
collection of property taxes

Except for the issuance of debentures and levying on the Area Municipalities, the operation, financing and administration of the primary and secondary education system in the Metropolitan Area are the responsibility of school boards which are independent of the Metropolitan Corporation and the Area Municipalities.

ADMINISTRATIVE AND POLITICAL STRUCTURE

The Metropolitan Council, in exercising the legislative powers of the Metropolitan Corporation, approves policy and authorizes the raising of revenues and the expending of funds for the provision of services. It is composed of 40 members: the Chairman, twelve representatives from the City of Toronto, ten from the City of North York, seven from the City of Scarborough, five from the City of Etobicoke, three from the City of York and two from the Borough of East York. With the exception of the Chairman, Council members hold office by virtue of their elections to the Area Municipality councils. The Chairman is elected by members of Council from among or outside its members. Both the Chairman and the members of the Council have the same three year term. The term of the present Council expires November 30, 1985.

The 14 member Executive Committee of the Council, as the chief administrative body of the Metropolitan Corporation, is responsible for the preparation and presentation of the annual estimates of revenues and expenditures and reporting to the Council on the operations of the Metropolitan Corporation and its local boards, commissions and agencies.

The organizational structure of the Metropolitan Toronto government is explained in further detail in the schematic presentation on page 11.

FINANCIAL STRUCTURE

The Metropolitan Corporation's principal sources of revenues are levies against the Area Municipalities, grants from the Province of Ontario, user charges arising from municipal services and certain other miscellaneous revenues. Its operations may be classified into three groupings, according to the different bases on which they are financed:

General Purpose requirements, which include all Metropolitan departments, boards, commissions and agencies (except Water Supply) are financed from a general levy on constituent area municipalities, Provincial grants and other sundry and program-generated revenues.

Education requirements for elementary and secondary educational programs administered by the Metropolitan Toronto School Board are financed from an education levy on constituent area municipalities, Provincial grants and other sundry revenues.

Water Supply requirements of the Water Supply Division of the Metropolitan Works Department, an entirely self-sustaining operation, are financed from the sale of water to constituent area municipalities (and one adjoining Regional Municipality by formal agreement) and from other sundry revenues.

AUTHORITY TO BORROW

Debenture debt

The Municipality of Metropolitan Toronto has the sole statutory responsibility for borrowing money by the issuance of debentures for its own account, its local boards and municipal enterprises and on behalf of its area municipalities and their local boards and municipal enterprises. The local boards and municipal enterprises of the Municipality include the Metropolitan Water Supply System, the Toronto Transit Commission and the Metropolitan Toronto School Board. Where money is borrowed, or debt assumed on behalf of other bodies, repayment of the related debt servicing requirements is made by these bodies to the Municipality.

All debentures issued by the Metropolitan Corporation are direct, joint and several obligations of the Metropolitan Corporation and the Area Municipalities.

Short term debt

Provincial legislation restricts short term borrowings by the Metropolitan Corporation, the Area Municipalities and the Metropolitan Toronto School Board to amounts necessary (i) to finance permanent improvements pending receipt of debenture proceeds, which, when received, must be used toward the repayment of such short term borrowings and (ii) for current purposes in any year. The Toronto Transit Commission and other municipal utilities may individually incur short term debt for current purposes only.

Short term borrowings by the Metropolitan Corporation and Area Municipalities for current purposes during any year are restricted by Provincial legislation and may not exceed 70% of the total amount of the estimated revenues of the Metropolitan Corporation or Area Municipalities as set forth in their respective estimates adopted for the next preceding year.

EDUCATION

The responsibility for the operation and financing of the non-denominational elementary and secondary school system in the Metropolitan Area rests with the Metropolitan Toronto School Board ("M.T.S.B.") while the actual administration of the schools is the responsibility of the local school boards of the six individual Area Municipalities. The M.T.S.B. is required to provide the local area municipality school boards with the total funds

necessary to provide an educational program throughout the Metropolitan Area, having regard to each Area Municipality's varying needs. The approved net requirements, including debt service, of the six school boards together with the estimates for the M.T.S.B.'s own purposes are combined into a composite budget to determine the Metropolitan levy for education purposes each year. The funds required by the M.T.S.B. are requisitioned from the Metropolitan Corporation, which in turn levies for such funds on the Area Municipalities. Legislation also permits special discretionary school tax levies, within prescribed limits, to be made by the individual Area Municipalities for sums required by their local boards of education in excess of the amount of funds provided by the M.T.S.B.

EMPLOYEES

The Metropolitan Corporation and its consolidated local boards, commissions and municipal enterprises employ approximately 25,000 persons and the school boards employ approximately 27,000 persons. About 95% of all such persons are employed under collective bargaining agreements.

Salaries, wages and benefit costs in respect of employees of the Metropolitan Corporation and its consolidated agencies (not including the school boards) aggregated \$900 million in the financial year 1984 or 54% of total operating expenditures.

ECONOMIC INFORMATION

The Metropolitan Toronto Area is the centre of an extensive and diverse manufacturing, retailing, transportation and financial system. A majority of businesses which provide service on a national basis, such as advertising, accounting, printing and publishing, travel and industrial research are headquartered in the Metropolitan Area.

Statistics Canada does not compile economic statistics solely related to the Metropolitan Area. The area referred to by Statistics Canada as the Toronto Census Metropolitan Area (the "Toronto C.M.A.") includes the Metropolitan Area as well as adjacent areas to the east, north and west. Economic statistics for the Toronto C.M.A. are considered to fairly reflect the economy of the Metropolitan Area, the latter representing over 70% of the total population of the Toronto C.M.A.

Approximately 33% of Canada's retail market is located within 100 miles of Metropolitan Toronto. During 1984, The Toronto Stock Exchange, with a trading dollar value of \$26.7 billion, accounted for approximately 74% of the activity on all the Canadian stock exchanges.

The following table shows the distribution of the labour force of the Toronto C.M.A. according to the federal decennial census of 1981 (the latest data published).

	% of Total
Business and Community Services	28.6
Manufacturing	25.9
Trade	
Wholesale	6.2
Retail	11.3
Finance, Insurance and Real Estate	8.2
Transportation, Communication and Utilities	7.7
Construction	5.2
Public Administration	4.9
Agriculture, Forestry, Fishing and Mining	0.8
Other	1.2

Source: Statistics Canada.

As will be noted from the following table, the unemployment rate for Metropolitan Toronto has exhibited a trend, over the three year period, of being below national and provincial levels, mainly as a result of a favourable employment mix between service and manufacturing sectors.

	Unemployment rate %		
	Canada	Ontario	Metro Toronto
1982	11.0	9.8	8.1
1983	11.9	10.4	9.0
1984	11.3	9.1	7.7

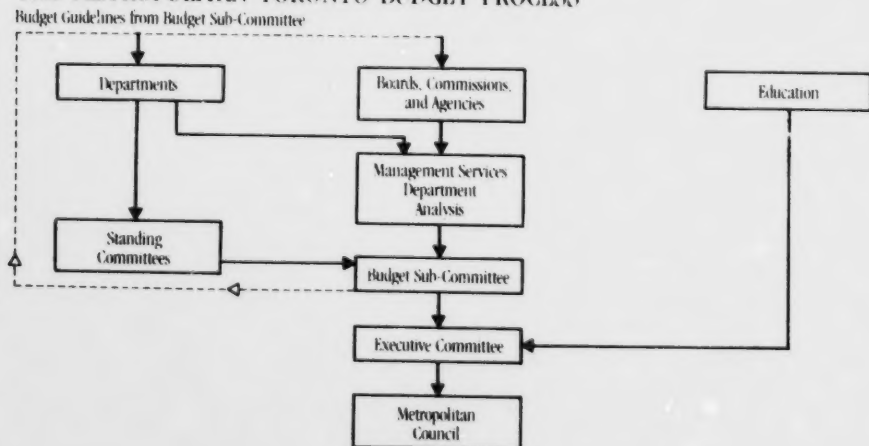
FINANCIAL MANAGEMENT AND CONTROL

THE BUDGETARY PROCESS

The Metropolitan Toronto budgetary process for both the annual operating budget and the 5 year capital works program is shown schematically in the following table and this process (excluding education) is outlined below:

- Staff of the Treasury Department, in consultation with the Budget Sub-Committee, issue budget guidelines to all Metro departments, boards, commissions, and agencies.
- Departments Agencies prepare and submit their budget documents to the Treasury Department. A copy of the budget submission is also forwarded by the Department Agency to the applicable Standing Committee of Council.
- Standing Committees review the budget documents, with the main emphasis on policy and program issues, and forward their recommendations to the Budget Sub-Committee.
- Staff of the Treasury Department coordinate and prepare the necessary schedules and analysis reports.
- Members of the Budget Sub-Committee analyze the budget requests (and applicable amendments), and recommend the appropriate funding requirements and management actions.
- Recommendations of the Budget Sub-Committee are forwarded to the Executive Committee for consideration.
- Recommendations of the Executive Committee are forwarded to the Metropolitan Council for final approval and adoption of a general levy on the constituent area municipalities.

THE METROPOLITAN TORONTO BUDGET PROCESS



The Budget Sub-Committee is a sub-committee of the Executive Committee charged with reviewing the budget submissions, and presenting the formal budgets (operating and capital) to the Executive Committee and to the Metropolitan Council. The Budget Sub-Committee is composed of seven members, one from each of the six area municipalities of the Metropolitan Toronto federation, plus the Metropolitan Chairman who presides at the sub-committee meetings.

The annual operating budget establishes expenditure funding appropriations that are monitored throughout the year and, except for minor variations, the express prior approval of Council is required before incurring expenditure commitments that would create over-expenditures in approved appropriations.

The 5 year capital works program is reviewed and revised annually in the budgetary process that includes a fiscal impact analysis of each capital project to establish explicitly the financial impact that will be exerted on subsequent operating budgets. Such analysis forms the basis for recommended guidelines with respect to growth in annual debt charges, the level of debt outstanding and a balanced use of borrowing and capital financing out of current fund allocations. (See "Long Range Capital and Financial Planning" section.)

In the case of education, the budgetary process is carried out entirely by the Metropolitan Toronto School Board in conjunction with the local Boards of Education for the six area municipalities. Following formal approval of a budget by the Metropolitan Toronto School Board, it is then forwarded to the Metropolitan Executive Committee and Council for approval, in order to permit the striking of a property tax levy for public education purposes or for inclusion in the 5 year capital works program.

THE ACCOUNTING PROCESS

The present computerized Central Accounting, Budgeting and Management Reporting System was initiated in 1976 originally to eliminate most of the independent accounting systems previously maintained in each of the Metropolitan departments and to provide a central collection focus for accounting data. Since its inception, the System has developed progressively in modular form to meet the emerging needs of departments, particularly in the areas of management accounting and budgeting. It is now oriented essentially to a program management structure, with sufficient flexibility to ensure ready adjustment of information to the needs of the user.

To ensure that all transactions are recorded accurately and on a timely basis, and are properly approved and serve as the basis for reliable financial information, the Municipality maintains an extensive system of internal accounting controls. The adequacy and effectiveness of the control systems are subject to ongoing monitoring by the Accounting Division of the Municipality's Treasury Department and by the Metropolitan Auditor.

THE AUDITING PROCESS

The consolidated financial statements of the Municipality of Metropolitan Toronto, together with the individual financial statements of the entities presented in the consolidation, the financial statements of the Metropolitan Toronto Housing Company Limited (an unconsolidated local board of the Metropolitan Corporation) and the financial statements of the Municipality's unconsolidated special purpose funds, are all subject to independent audits conducted by the Metropolitan Auditor who is a statutory officer of the Metropolitan Corporation. (The financial statements of the Metropolitan Toronto School Board are subject to an independent audit by a private firm of professional accountants). The Metropolitan Auditor reports independently to the Metropolitan Council in regard to the operations of each of the entities.

The Auditor's Report is based on an examination of the Corporation's accounting systems, procedures and internal controls and is made in accordance with generally accepted auditing standards, including such tests and other procedures as the Auditor considers necessary in the circumstances.

CONSOLIDATED FINANCIAL STATEMENTS, SUPPLEMENTARY FINANCIAL STATEMENTS AND STATISTICAL REVIEW

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Municipality of Metropolitan Toronto provide an overview and broad perspective of the financial activity for which the Municipality is deemed to be politically accountable. The individual entities presented and included within the consolidation comprise local boards, agencies and commissions of the Metropolitan Corporation carrying out both general municipal activities and functions of a municipal enterprise nature, as follows:

Municipality of Metropolitan Toronto (including the Metropolitan Board of Commissioners of Police and the Metropolitan Licensing Commission)
Metropolitan Toronto Waterworks System
Metropolitan Toronto Library Board
Toronto Transit Commission
Gray Coach Lines Ltd. (consolidating Gray Coach Travel Inc.)
Board of Governors of Exhibition Place
Board of Management of the Metropolitan Toronto Zoo
Board of Management of the O'Keefe Centre
Board of Management of the Guild

The administrative and financial relationships of these individual boards, commissions and municipal enterprises to the Municipality of Metropolitan Toronto are dealt with in some detail later in this Report. The individual **detailed** financial statements of the consolidated boards, commissions and agencies are not included in this publication; rather, a listing of the addresses of the offices of each of these entities is provided on page 60 of this Report for any individual who may wish to obtain further information.

SUPPLEMENTARY FINANCIAL STATEMENTS

Included also in this Report are condensed financial statements relating to the Metropolitan Toronto School Board and the Metropolitan Toronto Housing Company, Limited, both of which are unconsolidated local boards of the Metropolitan Corporation, together with condensed financial information relative to the unconsolidated special purpose funds of the Municipality, viz. the Metropolitan Trust Funds, the Metropolitan Toronto Pension Fund, the Metropolitan Toronto Police Benefit Fund, the Metropolitan Toronto Board of Commissioners of Police Supplemental Pension Benefits Trust Fund, and the Metropolitan Sinking Funds.

STATISTICAL REVIEW

Finally, a Statistical Review has been compiled and included to provide general information and comprehensive statistical data for the Municipality of Metropolitan Toronto and afford a broader and more complete understanding of the Municipality's financial condition than is possible from simply an examination of the individual financial statements. It comprises multi-year comparative trend data, information concerning fiscal capacity and debt-related statistics of the Metropolitan Corporation.

CONSOLIDATED BOARDS, COMMISSIONS AND AGENCIES

The administrative and financial relationships between the Municipality of Metropolitan Toronto and its individual consolidated boards, commissions and agencies is outlined below:

METROPOLITAN WATERWORKS SYSTEM

The Metropolitan Waterworks System, a municipal enterprise of the Metropolitan Corporation, is responsible for the supply of potable water of the highest standard of quality conforming to the requirements of Provincial and Federal Acts and Regulations in a quantity sufficient for the requirement of the citizens of the Metropolitan Toronto Area. The System undertakes the treatment, pumping, trunk transmission, storage and supply of water for the constituent area municipalities and the southerly portion of the Regional Municipality of York; the latter under an agreement with the Province of Ontario.

Water rates for this municipal enterprise are legally required to be set at a level that will enable the Waterworks System to be self-sustaining after providing for such maintenance, renewals, debt charges and reserves as the Metropolitan Council deem proper, and any surplus revenues not required for such purposes must remain at the credit of the System.

Administration of the water supply function in 1984 involved the operation of 4 filtration plants, including quality control laboratories; 21 pumping stations; 10 major reservoirs; 4 elevated tanks and a 454 km. large diameter water main transmission network, furnishing about 478 million cubic metres to the six area municipalities. To ensure proper treatment, achievement of conformity to potability standards, and to verify the above by testing water delivered to the consumer, a staff of highly qualified scientific personnel at four laboratories continually analyzes samples. During 1984, a total of 268,486 samples were taken and analyzed.

In 1984 total operating expenditures amounted to \$68,121,000. Operating revenues, principally from the sale of water, totalled \$73,868,000 resulting in net revenue for the year of \$5,747,000. The balance of accumulated net revenue at the credit of the System stood at \$19,591,000 as at December 31, 1984.

METROPOLITAN TORONTO LIBRARY BOARD

The Metropolitan Toronto Library Board provides direct reference service to the public and regional support services to the local area municipality public libraries of Metropolitan Toronto. The Library Board is financed by funds requisitioned from the Metropolitan Corporation, from time to time, as required, up to the limit approved in the Board's budget by the Metropolitan Council.

The eleven member Board, which holds office for a three-year term, is composed of the Metropolitan Chairman and ten other appointed members. Two such members are appointed by the Metropolitan Council, one by each Area Municipality Council, one by the Metropolitan Toronto School Board and one by the Metropolitan Separate School Board.

The operations of the Board are primarily of a central reference nature rather than the provision of circulation services, which is mainly provided by the library boards of area municipalities. Regional support services provided to the area municipality public library systems cover many areas including audio visual services, multilanguage services, inter-library loan, truck delivery services, and centralized cataloguing of specialized materials such as periodicals, newspapers, 16mm films, talking books, multilanguage materials and video programs.

In 1984 the Board conducted an appraisal of the future role of the library system in the Metropolitan Toronto Area, and commenced a 2 million dollar expansion program in shelving capacity to cope with growing collections.

Total operating expenditure for 1984 was \$19,466,000 and was financed by \$17,507,000 from the Metropolitan Corporation, \$1,458,000 by the Province of Ontario and the balance of \$501,000 from other sources, principally recoveries from other regional library services and area library boards for services rendered, photocopying services and the sale of miscellaneous publications.

TORONTO TRANSIT COMMISSION

The Toronto Transit Commission (T.T.C.) has exclusive authority to provide local passenger transportation services within the Metropolitan Toronto area; the only exceptions being railways, taxis, horse-drawn vehicles used for the purpose of providing sightseeing tours, privately owned or operated buses in certain limited uses, the Island ferries and bus transportation on the Toronto Islands. The T.T.C. is administered by five Commissioners, and is presently composed of two Metropolitan Council members and three others, all of whom are appointed by Metropolitan Council.

By agreement with the Municipality of Metropolitan Toronto, the Commission establishes its fares at a level projected to produce total revenue from operations equal to 68% of total operating expenses (as defined for provincial subsidy purposes). The Municipality undertakes in its budget to provide an operating subsidy equal to the remaining expenses and, in turn, obtains subsidies from the Province of Ontario related to eligible transit operating expenses, revenue/cost relationships and special subsidies for major new transit facilities on exclusive rights of way.

The T.T.C.'s total operating expenditure during 1984 amounted to \$393,018,000 while total operating revenues (principally fare revenue) were \$283,167,000. This resulted in a net operating cost of \$109,851,000 which was met by the Metropolitan Corporation; the Province of Ontario, in turn, contributed a transit operating subsidy to the Municipality of \$61,067,000, relating to the T.T.C.'s operating costs and other transit expenditures incurred directly by the Municipality.

Capital expenditures in 1984 were \$123 million which were financed \$105 million by Provincial subsidy, \$15 million by Metropolitan Toronto and \$3 million by the T.T.C. The major component of capital spending during the year centered on the Scarborough Light Rapid Transit System, a technologically innovative transit service.

GRAY COACH LINES, LIMITED

Gray Coach Lines, Limited, a wholly-owned subsidiary of the Toronto Transit Commission, operates inter-urban coach services over franchised routes to other cities, chartered and special services and sightseeing tours, its operations being separate from but complementary to the operations of the T.T.C. Gray Coach Travel Inc., a wholly-owned subsidiary of the Company, operates a retail travel agency and conducted tour business.

The Company's fares and routes are regulated by the Province of Ontario and a significant part of the Company's operations has been carried out under an agreement with the Toronto Area Rapid Transit Authority as part of the Province's "GO Transit" commuter system. During 1984, it was agreed with the Province that a phase out of the Company's operation of "GO Transit" routes would occur over the next five years.

The Board of Directors of Gray Coach Lines, Ltd. is composed of three directors appointed by the T.T.C. plus the Chairman and the Chief General Manager of the T.T.C. The President and Chief Executive Officer of the Company is ex-officio the sixth member of the Board. The Chairman of the T.T.C. also serves as Chairman of the Gray Coach Board.

In 1984 the consolidated net earnings of Gray Coach Lines, Limited, on a commercial basis of accounting, were \$1,120,000; a dividend was declared payable to the Toronto Transit Commission of \$500,000 leaving consolidated retained earnings in the Company of \$13,319,000.

BOARD OF GOVERNORS OF EXHIBITION PLACE

The Board of Governors of Exhibition Place operates and manages Exhibition Place, including the Exhibition Stadium, on behalf of the Municipality of Metropolitan Toronto under the terms of an agreement between the Board and the Metropolitan Toronto Council which specifies that net operating income is payable to the Municipality and that the Municipality is responsible for any deficit.

The Board is comprised of fourteen members: the Metropolitan Chairman, the Mayor of the City of Toronto, the President of the Canadian National Exhibition Association and eleven members appointed by Metropolitan Council.

Major capital facilities at Exhibition Place are financed by and are the property of the Municipality of Metropolitan Toronto. Costs of other expenditures on plant and equipment, including major improvements and maintenance, are charged by the Board to current operations in the year of purchase and these facilities also are the property of the Municipality. Accordingly, fixed assets are not valued on the books of the Board of Governors of Exhibition Place and depreciation is not charged in its accounts.

A user fee of 25¢ per ticket sold at a price greater than \$2.00 is assessed on events produced in Exhibition Stadium. The amounts collected are paid into a reserve fund of the Municipality of Metropolitan Toronto to be used to defray the costs of future capital improvements.

Exhibition Place covers approximately 350 acres on the shore of Lake Ontario. It is the home of the annual twenty-day Exhibition fair in August and is also the site of many trade, industrial and consumer shows, and agricultural, theatrical, musical and other events. The Canadian National Exhibition Association manages and operates the annual fair by agreement with the Board of Governors of Exhibition Place.

The Board of Governors is also responsible for the operation and maintenance of Exhibition Stadium. Activities held at Exhibition Stadium include the league scheduled games of the Toronto Argonauts of the Canadian Football League and the Toronto Blue Jays of the American Baseball League, musical events, the annual C.N.E. Grandstand shows, and various amateur events.

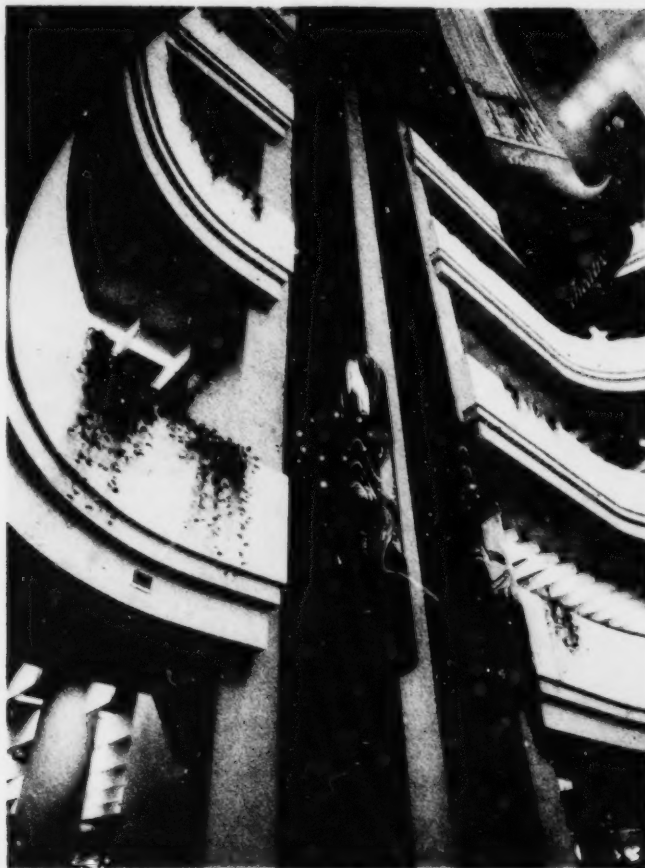
1984 was a most successful year at Exhibition Place; a surplus of \$3,025,000 was realized on the Board's annual operation and credited to the general revenues of the Metropolitan Corporation.

BOARD OF MANAGEMENT OF THE METROPOLITAN TORONTO ZOO

A Board of Management consisting of nine members appointed by Metropolitan Council, four of whom are nominees of the Metropolitan Toronto Zoological Society, operates and manages the Metropolitan Toronto Zoo under the terms of an agreement between the Board and the Municipality of Metropolitan Toronto which is responsible for any deficit and is entitled to any net income from operations.

Major capital facilities at the Zoo are financed by and are the property of the Municipality of Metropolitan Toronto. Costs of other expenditures on plant and equipment are charged by the Board to current operations in the year of purchase.

In 1984, there were 1,200,000 paid admissions for a revenue total of \$2,663,000, and other revenues, from retail sales, parking, concessions etc., amounted to \$1,369,000. Expenditures totalled \$10,248,000 resulting in a net cost of operations of \$6,216,000 which was financed entirely by the Metropolitan Corporation.



The ultra modern Metro Reference Library houses collections of 4 million items.

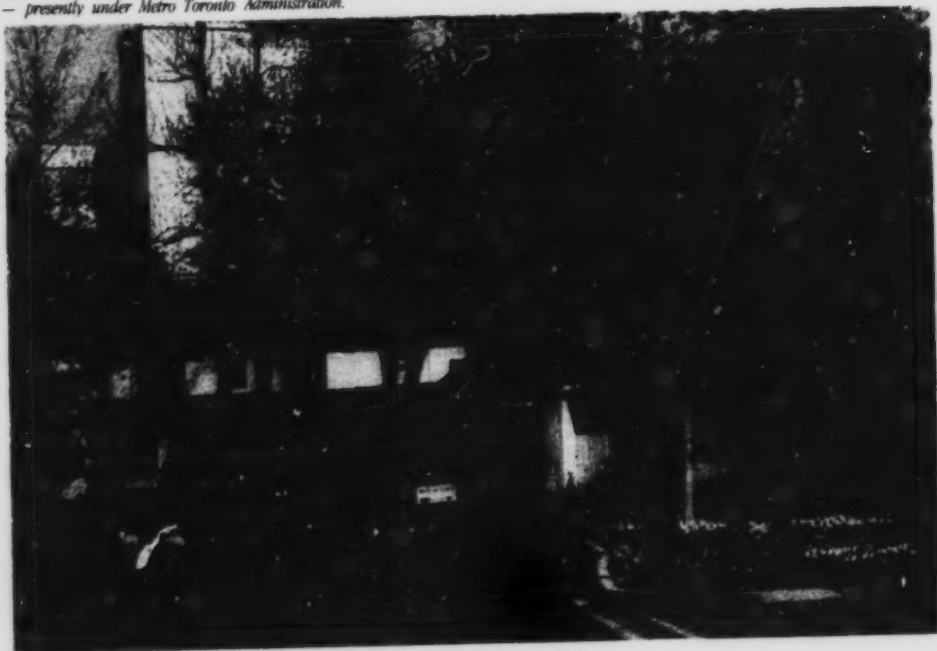
Canadian National Exhibition at Exhibition Place — an annual fair with goods, services and entertainment for all.





Charles — and 4000 companions — welcomed an all time high attendance of 1.2 million in 1984, the Metro Toronto Zoo's 10th anniversary.

The historic Guild Inn, overlooking Lake Ontario, and for half a century an art and cultural sanctuary — presently under Metro Toronto Administration.



BOARD OF MANAGEMENT OF THE O'KEEFE CENTRE

A Board of Management operates and manages the O'Keefe Centre for the Performing Arts as a theatre under the terms of an agreement between the Board and the Municipality of Metropolitan Toronto. Net operating income is payable to the Municipality and the Municipality is responsible for any deficit.

The Board may be comprised of not less than three and not more than seven persons appointed by Metropolitan Council for such terms of office as Council may determine. It is the present policy of Metropolitan Council to appoint three of its members to the Board along with four persons who are not members of Metropolitan Council.

The land, buildings, and all equipment, furnishings, etc., are owned by the Municipality of Metropolitan Toronto and are recorded on the books of the Corporation. Accordingly, all expenditures made by the O'Keefe on such facilities are charged to operations in the year expended and no depreciation of fixed assets is recorded.

O'Keefe Centre provides entertainment for a diversity of audiences consistent with the responsibilities of a publicly-owned theatre to its community: musicals, revues, opera, ballet, symphony, drama, jazz, and special community social and cultural events. The Centre is the home for two principal tenants, the Canadian Opera Company and the National Ballet of Canada.

In 1980, the O'Keefe Centre began a major rehabilitation and replacement programme to restore the building to its original first-class standards. Over the past 5 years, the Centre has spent in excess of \$3.2 million on renovations which have been funded 75% from Metro's operating budget and 25% from a ticket surcharge. Major rehabilitation planned for 1985 include the theatre's mezzanine lobbies and upgrades to O'Keefe's sound system and maintenance plant.

The O'Keefe Centre has been profitable in its operations in each of the past five years. Ticket sales in 1984 exceeded \$12 million while the Centre's catering operation generated another \$1 million in revenue. The 1984 total surplus on operation of \$1,180,000 was credited to the general revenues of the Metropolitan Corporation.

BOARD OF MANAGEMENT OF THE GUILD ("THE GUILD INN")

The Board of Management of the Guild, a local board of the Metropolitan Corporation, was established as a Corporation by an amendment to the Municipality of Metropolitan Toronto Act in 1983. In accordance with the Act, the Metropolitan Council:

- a) appoints the members of the Board
- b) is responsible for any deficit and is entitled to any surplus from operations.

The Board consists of fifteen members, composed of a Chairman and fourteen members appointed by Metropolitan Council of whom seven are nominees of the Lt. Governor in Council.

Under the terms of an agreement between the Board of Management and the Municipality of Metropolitan Toronto executed on December 6, 1983, the Board assumed control of the operation and management of the Guild Inn on behalf of the Metropolitan Corporation on January 1, 1984. The agreement further provides that the Board assume responsibility of the Guild's operation for a period of two years during which time a study will be made to develop recommendations for the best and most appropriate future uses of The Guild and the uses of the lands immediately adjoining thereto, and also the best and most appropriate future organization and management structure for The Guild.

The land, buildings and equipment are owned by the Metropolitan Toronto and Region Conservation Authority and leased to the Municipality of Metropolitan Toronto. As a consequence, the costs of any capital expenditures on plant and equipment incurred by the Board are charged to current operations in the year of purchase.

In 1984 total net revenue, principally from room rentals, food and beverage sales totalled \$937,000. Total operating expenses amounted to \$1,286,000 resulting in an operating deficit of \$349,000 which was financed by the Metropolitan Corporation.

CHANGE IN CONSOLIDATION

Effective the 1984 financial reporting year, the operations of the Board of Management of the Guild ("The Guild Inn"), a new local board of the Metropolitan Corporation, have been consolidated with those of the Municipality of Metropolitan Toronto. The consolidation of the operations of the Board does not result in any significant impact on the consolidated financial statements of the Municipality.

EXPENDITURE

In 1984, the general operating activities of the Municipality and its consolidated local boards and municipal enterprises resulted in a total gross expenditure of \$1,652,959,000 (1983 — \$1,516,614,000) as compared with a total gross operating budget of \$1,656,914,000.

The tables below detail the expenditure for the year classified by program and by object.

Program	Dollars in thousands					
	1984 Budget	1984		1983		Increase (Decrease) 1984 Actual over 1983 Actual
		Actual	%	Actual	%	
General government	\$ 55,300	\$ 68,927	4.2	\$ 49,646	3.3	\$ 19,281
Protection to persons and property	350,979	341,084	20.6	315,461	20.8	25,623
Transportation services	538,214	537,870	32.5	515,725	34.0	22,145
Environmental services	197,585	198,540	12.0	184,710	12.2	13,830
Health services	40,839	39,271	2.4	34,368	2.3	4,903
Social and family services	354,961	344,557	20.9	312,926	20.6	31,631
Recreation and cultural services	106,062	113,301	6.9	98,650	6.5	14,651
Planning and development	7,539	9,419	0.5	5,128	0.3	4,291
Other	5,435					
	\$1,656,914	\$1,652,959	100.0	\$1,516,614	100.0	\$136,345
Object						
Salaries, wages and employee benefits		\$ 897,960	54.3	\$ 844,252	55.7	\$ 53,708
Materials, supplies, services, rents and financial expenses		335,277	20.3	294,595	19.4	40,682
Capital additions		21,427	1.3	25,833	1.7	(4,406)
Operating transfers to other funds		55,879	3.4	21,125	1.4	34,754
Other transfers		182,703	11.0	169,786	11.2	12,917
Capital financing charges		159,713	9.7	161,023	10.6	(1,310)
		\$1,652,959	100.0	\$1,516,614	100.0	\$136,345

- * Of the total variance of \$13,627,000 in the General Government category, an amount of \$9,476,000 represents a provision from current funds towards the capital financing stabilizing reserve (see also "Long Range Capital and Financial Planning" section). The remainder of the variance is largely attributable to the negative variance in interest costs on temporary financing of \$2,267,000; although it may be noted that, conversely, a positive variance of \$3,600,000 arose in interest earnings of temporary surplus funds.

** The variance of \$7,239,000 in the Recreation and Cultural Services program is largely attributable to additional expenditures of \$6,850,000 in the operations of Exhibition Place, primarily associated with the 3 day "Michael Jackson Concert" which played to capacity audiences in October 1984. (The over-expenditure was more than offset by concert revenues in the sum of \$7,636,000.)

*** For an explanation of these positive variances, see "Accumulated Net Revenue" section on page 30.

As in the past several years, the operations of the Toronto Transit Commission, the Board of Commissioners of Police (included in the "Protection to Persons and Property" program) and the Social Services Department (in respect of general welfare assistance) received, at 60%, (1983 — 62%), the largest portion of the total operating funds to finance their activities.

CONSOLIDATED OPERATING EXPENDITURES 1979-1984

The table below details total consolidated operating expenditures over the past six years in both current and 1979 constant dollars and on a per capita basis.

Dollars in thousands, except per capita figures

	Expenditures in current dollars	Expenditures in constant dollars	Expenditures in constant dollars per capita
1979	\$ 924,223	\$ 924,223	\$ 432
1980	1,044,932	949,075	440
1981	1,173,755	947,627	437
1982	1,375,444	1,004,942	459
1983	1,516,614	1,047,339	474
1984	1,652,959	1,089,214	511

REVENUE

There are four major categories of revenue of the Metropolitan Corporation:

- (i) Levy Requisitions upon the constituent Area Municipalities (principally the general tax levy but including also the sale of water);
- (ii) Provincial grants (unconditional and specific);
- (iii) User charges in respect of municipal services;
- (iv) Other operating and miscellaneous revenues.

The following table indicates the percentage portion of revenue that was contributed by each major source over the last six years and illustrates that these basic components have exhibited little change during that period of time.

	Levy Requisitions	Provincial Grants	User Charges	Other Revenue	Total
1979	44	25	28	3	100
1980	43	25	28	4	100
1981	42	25	29	4	100
1982	41	26	29	4	100
1983	40	26	30	4	100
1984	41	26	30	3	100

LEVY REQUISITIONS UPON AREA MUNICIPALITIES

General tax levy

The Metropolitan Corporation levies sums of money, not mill rates, on the constituent area municipalities. However, it has been customary, for purposes of yearly comparisons, to express the total general levy in terms of an "average equivalent mill rate". The actual mill rates levied for Metro purposes by area municipalities vary from this "average", due to a combination of factors.

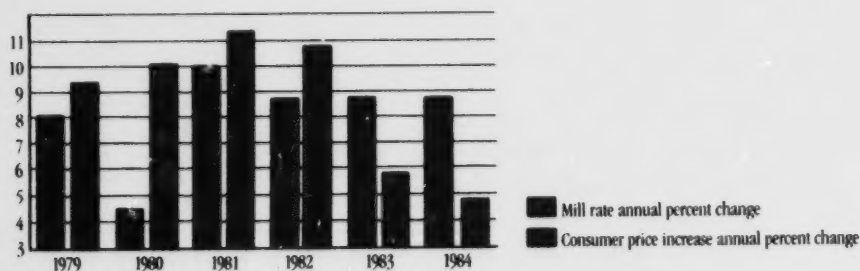
The assessment figures used for purposes of apportionment of the Metro levy include, in addition to taxable amounts, the equivalent assessed value of all properties for which the area municipalities receive payment in lieu of taxes and also equivalent assessments in respect of telephone and telegraph company receipts and certain Provincial grants. Commencing in 1984, Provincial legislative changes provide for the General Tax Levy to be distributed by area municipality on the basis of **weighted** assessment; weighted assessment being the total of commercial assessment and 85% of residential assessment.

In accordance with the current Provincial legislation, the Metro general levy requirement is apportioned over the six area municipalities on the basis of this weighted total general Metropolitan assessment to determine the net amount of money actually levied upon each area municipality. Such sums are then converted by each area municipality into its own residential and commercial mill rates, **based on taxable assessments**, with the residential rate established at 85% of the commercial rate. These rates will differ from the Metro "average mill rate", which is simply an expression of the net Metro levy in relation to the total Metro "equalized assessment" used in the apportionment process.

For purposes of comparing the Metro general levy in 1984 with that in 1983, the calculated "average equivalent mill rate" indicates an increase of 6.03 mills or 8.8% in 1984 as follows:

	Dollars in thousands		
	General Levy	Weighted Assessment	"Average Equivalent Mill Rate"
1984	\$597,246	\$8,025,878	74.42
1983	537,690	7,861,782	68.39
Increase			
1984 over 1983	\$ 59,556	\$ 164,096	6.03
% Increase	11.1	2.1	8.8

The following diagram compares the increase in the Metro "average equivalent mill rate" with annual consumer price increases over the last six years.



Tax collection

The Area Municipalities are responsible for the billing and collection of taxes for their own purposes as well as for the Metropolitan Corporation and boards of education. Taxes which

are not paid when due are subject to an interest penalty which is added to the tax arrears and collected as taxes. Generally, the Area Municipalities collect taxes in six instalments throughout the year. The following table sets forth the tax collection record of the Area Municipalities for the years 1979 through 1984.

Dollars in thousands

Year	Current Taxes Billed	Total Arrears Including Penalties and Interest	Total Tax Arrears as % of Current Taxes Billed	Current Collections of Current Taxes Billed	Current Collections as % of Current Taxes Billed	Total Collections	Total Collections as % of Current Taxes Billed
1979	\$1,343,837	\$ 83,975	6.2	\$1,281,299	95.4	\$1,337,762	99.6
1980	1,471,971	81,674	5.5	1,416,715	96.2	1,492,027	101.4
1981	1,650,999	94,854	5.7	1,582,106	95.8	1,648,181	99.8
1982	1,891,075	105,563	5.6	1,816,276	96.0	1,890,279	100.0
1983	2,091,270	108,355	5.2	2,015,148	96.4	2,088,982	100.4
1984	2,283,463	103,172	4.5	2,213,674	96.9	2,297,102	100.6

The total arrears of \$103,172,000 outstanding at December 31, 1984 were composed of the following:

Unpaid taxes from 1984	\$ 69,789	67.6%
Unpaid taxes from 1983	15,329	14.9
Unpaid taxes for years prior to 1983	9,919	9.6
Penalties and interest	8,135	7.9
	\$103,172	100.0%

Sale of water to Area Municipalities

Revenues deriving from the sale of water to the six constituent area municipalities are reported within the category of "Levy Requisitions" in conformance with Provincial financial reporting requirements.

The water rate charged all area municipalities in 1984 was 14.57 cents per cubic metre (13.88 cents in 1983), in accordance with a schedule set out in By-law 102-81 passed by the Metropolitan Council on May 26, 1981.

The administration of the water supply function is the responsibility of the Metropolitan Waterworks System, a municipal enterprise of the Metropolitan Corporation, and its operation has been explained in some detail on page 20.

PROVINCIAL GRANTS

Provincial grant transfers to the Municipality comprise unconditional grants (principally household grants for general and policing purposes, together with general support and resource equalization grants) and conditional grants, primarily based on eligible municipal expenditures.

The total of grants and subsidies received from the Province during 1984 was \$426,715,000 compared with \$399,335,000 in 1983, an increase of 6.9%. For 1984, a change in Provincial grant policy was made by eliminating the per capita basis of determining the General and Police purposes grants. Instead, the Province substituted the number of households for population in calculating these grants. The General rate was set at \$30 per household in 1984, while the Police household rate was \$47. The total General and Police household grants received in 1984 was \$64,480,600, compared with the total General and Police per capita grants of \$61,040,800 received in 1983, an increase of \$3,439,800.

The overall total increase in the level of Provincial assistance in 1984 of \$27,380,000 is essentially a reflection of increased spending in functional areas eligible for continuing Provincial subsidies.

USER CHARGES

Within the category of user charges fall revenues arising from the provision of municipal services by the Municipality, its boards, commissions and enterprises, e.g. transit fares; admission fees to the C.N.E., Exhibition Stadium, the Metro Toronto Zoo, the O'Keefe Centre; rents, concessions and franchises; licences and permits; sales of equipment; refuse disposal charges; island ferry revenue and other like user-oriented revenue. In 1983 and prior years, such user fee revenue had been included within the category of "operating and miscellaneous revenue".

Also classified as user charges is a sewer surcharge levied upon the sale of water to the Metropolitan area municipalities, the proceeds of which are credited to the general revenue of the Metropolitan Corporation and used to defray the costs of water pollution control. In 1983 and prior years, sewer surcharge revenue had been categorized as "Levy Requisitions upon Area Municipalities". This surcharge, originally instituted in 1974 as the rate of 10% of water sales, has steadily been increased over the last ten years and stood at 81% in 1984 (1983 — 71.5%). Metro Council's objective is essentially to fund the total cost of operation of the water pollution function entirely from this surcharge, and since water pollution costs exceed those of water supply, the surcharge will have to continue beyond 100% of the water rate.

OTHER OPERATING AND MISCELLANEOUS REVENUES

These include all other revenues which arise from operations and activities incidental to the discharge of the primary functions of the Municipality and include such sources as investment income, library fines and parking tag revenue.

CONSOLIDATED OPERATING REVENUES — 1979-1984

The table below details total consolidated operating revenues over the past six years in both current and 1979 constant dollars and on a per capita basis.

Dollars in thousands, except per capita figures			
	Revenues in current dollars	Revenues in constant dollars	Revenues in constant dollars per capita
1979	\$ 946,192	\$ 946,192	\$ 443
1980	1,041,521	945,977	439
1981	1,190,141	960,857	443
1982	1,353,567	988,958	452
1983	1,520,761	1,050,203	476
1984	1,655,978	1,091,203	512

It will be noted that, notwithstanding the effects of inflation, there has been a steady increase in the per capita amount of constant dollars deriving to the Municipality over the past four years.

ACCUMULATED NET REVENUE

The current fund surplus recorded by the Metropolitan Corporation in 1984, in excess of \$35 million, represented the 31st consecutive annual surplus and is attributable to a number of circumstances, the more significant being:

- (a) of the \$54.8 million budgeted for general contingency purposes, \$48.9 million was utilized leaving an unspent balance of \$5.9 million;
- (b) refuse disposal fees were \$4.2 million higher than anticipated due to the larger tonnage handled;
- (c) a lower than anticipated caseload resulted in savings of \$4.0 million in General Welfare Assistance payments and Social Service Program Support, primarily in purchased counselling;
- (d) interest earnings from temporary investments was \$3.6 million in excess of budget;
- (e) the operations of the Toronto Transit Commission contributed \$3.7 million towards the corporate surplus mainly attributable to \$2.7 million from increased ridership;
- (f) lower than budgeted payroll costs largely accounted for savings of \$2.8 million in the operations of the Police Commission;
- (g) lower than estimated salting, plowing and trucking contracts due to milder winter conditions primarily accounted for underexpenditures in Roads and Traffic operations in the sum of \$2.5 million;
- (h) revenue from the surcharge on water rates was \$2.2 million greater than estimated due to higher volume of water sales.

CAPITAL OPERATIONS

Gross capital expenditure in 1984 amounted to \$241.8 million. Just over half, 52%, was spent on expansions and improvements to the transit system, while sewage and refuse disposal projects accounted for 16%, and 14% was related to the construction and improvement of Metropolitan roads.

The advanced technology Scarborough Rapid Transit line, with official opening scheduled for March of 1985, was the major on-going transit project in 1984 and accounted for \$55 million of total transit capital expenditures of \$126 million. The modernization of the Toronto Transit Commission's multi-modal vehicle fleet continued to receive significant priority and the first \$15 million in progress payments of a \$104 million contract for articulated streetcars was made in 1984.

Capital financing raised during 1984 amounted to \$235,689,000 and was comprised principally of provincial capital grants in the sum of \$123,773,000 (52%) and contributions from current funds of \$62,681,000 (27%). In addition, long term debt incurred amounted to \$18,901,000 (8%) while other miscellaneous sources of capital financing such as excess sinking fund investment earnings, proceeds from the sale of capital assets and sundry other capital contributions and recoveries totalled \$30,334,000 (13%).

RESERVES AND RESERVE FUNDS

The table below lists the year end balances in the total consolidated reserves and reserve funds of the Municipality over the last six years in relation to total operating expenditures:

Dollars in thousands			
	Reserves and Reserve Funds	Total Operating Expenditures	Percentage
1979	\$12,813	\$ 924,223	1.4
1980	31,174	1,044,932	3.0
1981	47,918	1,173,755	4.1
1982	91,363	1,375,444	6.7
1983	59,504	1,516,614	3.9
1984	87,058	1,652,959	5.3

The sharp increase in the balances in reserve in 1982 is principally attributable to the creation during that year of a capital financing stabilizing reserve in the sum of \$39,694,000; in 1983 an amount of \$22,577,000 was utilized from the reserve to finance the net capital requirements of the year in accordance with the Council policy to maintain a balanced financing mix between internally generated revenues and external bond financing (see "Long Range Capital and Financial Planning" section).

During 1984 a sum of \$15,000,000 was appropriated to a Reserve for Arbitration Contingencies. In prior years, provision for settlements of this nature was made by way of an allowance in the corporate contingency account, with the attendant difficulty that if settlements were not obtained in a particular year, the surplus was inflated and the contingency of the following year was also inflated by a similar amount. The establishment of this reserve eliminates the flow through from surplus to contingency from one year to another and, in addition, enhances budgetary and financial statement presentation.

LONG RANGE CAPITAL AND FINANCIAL PLANNING

During the financial year 1982, the Metropolitan Council initiated a long-range capital and financial planning policy for its general municipal purpose and municipal enterprise operations designed to ensure a balanced financing mix between internally generated revenues and debenture financing for the Municipality's capital expenditures and other long-term capital improvements. The capital financing policy adopted is designed essentially to stabilize the contribution of the revenue fund towards capital expenditures at a level generally of 50% of the actual net capital financing requirements for each year. To the extent that the annual provision in the operating budget to finance capital expenditures out of current funds exceeded this limit, the excess is transferred to a capital financing stabilizing reserve; conversely if such annual provision amounted to less than the 50% guideline, the shortfall is met by a draw upon the reserve.

During 1984, an amount of \$5,119,000 was transferred to the capital financing stabilizing reserve from the current funds of the Municipality in accordance with the capital financing policy. Furthermore, Metropolitan Council approved the provision of an additional \$4,357,000 to augment the reserve, having regard to projected net capital financing requirements for the period 1985-1989, and to enhance its capability in stabilizing the annual current contribution towards the long term capital financing requirements of the Municipality.

Later in 1984, the Metropolitan Council initiated a comprehensive financial planning study designed to identify measures to further control the Corporation's capital expenditures and debt servicing charges within limits considered necessary to achieve multi-year financial targets established by Council. The study is intended to project over an extended period of years the levels of net capital expenditures in various functional areas, and determine priorities as between competing service demands for capital resources, with a view to relating such multi-year expenditure levels and priorities to debt management policy guidelines.

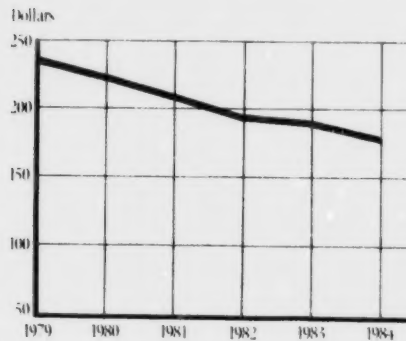
DEBT STRUCTURE

The table below portrays the gradual decline in the level of net long-term liabilities of the Municipality of Metropolitan Toronto over the last six years in respect of its own general municipal activities and municipal enterprises (exclusive of those of the Area Municipalities). Net long-term liabilities in respect of general municipal purposes are also expressed on a per capita basis and as a percentage of taxable assessment.

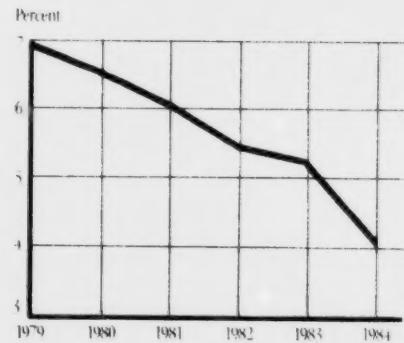
Dollars in thousands, except per capita figures

	General Municipal Activities	per capita	% of taxable assessment	Municipal Enterprises
1979	\$502,961	\$235	6.99	\$159,981
1980	478,786	222	6.48	145,636
1981	452,608	209	6.08	136,189
1982	419,148	191	5.41	123,293
1983	415,318	188	5.28	109,636
1984	388,948	176	4.05	96,298

Metro Council's capital financing policy involving a "pay-as-you-go" annual provision of about 50 per cent of capital borrowing requirements, as previously described, has been over the last several years the most significant contributing factor in the continuing decline of the Corporation's long term debt. Depicted below is an illustration of such decline expressed in per capita terms and as a percentage of taxable assessment.



Per capita debt



Debt as % of taxable assessment

This "pay-as-you-go" capital financing policy is further highlighted in the following chart which portrays the Corporation's capital expenditures over the last eight years together with all sources of financing other than long term debt.



— Capital Expenditures
— Financing — other than long term debt

DEBT SERVICING

Also during the past 5 years, debt service charges for the general municipal purposes of the Metropolitan Corporation, as a percentage of the annual general tax levy on Metropolitan taxpayers, has declined from 22.3 per cent to 15.4 per cent and as a percentage of gross expenditure from 11.5 per cent to 7.5 per cent as shown by the following tables:

Dollars in thousands			
	Debt Charges	General Levy	Percentage
1980	\$ 86,950	\$389,063	22.3
1981	87,178	430,828	20.2
1982	85,853	486,570	17.6
1983	87,744	537,690	16.3
1984	91,797	597,246	15.4

	Debt Charges	Gross Expenditure	Percentage
1980	\$ 86,950	\$758,245	11.5
1981	87,178	843,425	10.3
1982	85,853	1,004,221	8.6
1983	87,744	1,122,253	7.9
1984	91,797	1,219,647	7.5

DEBT RECORD

The Metropolitan Corporation has consistently paid the full amount of the principal and interest for every security issued by it, or for which it has become liable; all when due and in the lawful currency of the country where it became payable.

Included in the Statistical section is information in tabular and graphic form relating to the total debenture debt of the Metropolitan Area. In addition, a comprehensive portrayal of Metropolitan Corporation Debenture Debt is contained in the Municipality's Debenture Debt Report issued annually, copies of which are available at the address indicated on the back cover of this Report.

SINKING FUNDS

The Municipality of Metropolitan Toronto Act provides that upon the issuance of sinking fund debentures, a specific sum shall be levied annually which, together with interest capitalized yearly thereon at an interest rate not exceeding 8%, will be sufficient to repay the debentures in full at maturity.

As a result of the actuarial interest rates employed, surplus earnings related to debt service for all Metropolitan Corporation and Area Municipality purposes have consistently been achieved and have been applied, where applicable, to reduce levies for debt service during the term of the debentures. The reserve for abatement of such levies as at December 31, 1984 amounted to \$80,219,000. In addition, an amount of over \$180,000,000 of surplus funds, accumulated in excess of debts at maturity, has been applied to finance capital expenditures for which debentures would normally have been issued. The sinking fund accumulated surplus in excess of both the actuarial requirements and the reserve for abatement of future levies amounted to \$53,752,000 at December 31, 1984.

SIGNIFICANT ACTIVITIES

THE MARKETING OF METROPOLITAN TORONTO

During 1984, Metropolitan Council moved in two significant directions to build upon its economic development strategy aimed at enhancing job opportunities and assessment potential within the community. A special fund of \$2.8 million was established, primarily geared towards boosting tourism and visitor potential in Metropolitan Toronto, in the knowledge that the Metropolitan Area remains Canada's primary visitor destination and convention location. In addition, Council established a clear mandate for embarking on a business development program, as a result of which a centralized office, under the auspices of the Office of the Metropolitan Chairman, is now being set up to respond to business investment interests in the community. The primary endeavour will lie in harnessing already-existing resources in order to support efforts aimed at retaining existing businesses and servicing new investment prospects in the Metropolitan Toronto community.

TRANSPORTATION

Once again, in 1984, the Toronto Transit Commission achieved an all-time record ridership, surpassing the 1983 record by 12 million rides to reach a level of 418 million riders. This high level of use, along with a modest increase in fares in January averaging 5.6 per cent, allowed the TTC to exceed the revenue target of 68 per cent of eligible operating expenses from passenger fares and other revenues and thereby contributed to a total saving of \$3.7 million from the budgeted level of support from Metro taxpayers.

The year 1984 was a year of celebration, challenge and growth for the Toronto Transit Commission. The TTC celebrated the 30th anniversary of the Yonge Street subway, which launched the system into its modern era. It also marked the 30th anniversary of the reconstituted Toronto Transit Commission, which was significantly expanded in 1954 to serve the new regional Municipality of Metropolitan Toronto.

During its Year of Celebration, the TTC, in addition to setting new ridership records, continued to expand its route network and operated the most kilometres of revenue service to date. It was a year that saw the TTC challenged to organize and successfully carry out the largest single-day operation in Canadian transit history during Pope John Paul II's visit to Toronto.

SOCIAL AND FAMILY SERVICES

The Department of Community Services continued the process of planned restructuring begun last year to provide better service to the community and to client groups. The changes effected during 1984 were designed to help ensure that the policies and practices of the Department were clearly articulated to the Community Services and Housing Committee for subsequent approval, such approval consequently providing the basis for both program and budget decisions. To that end the Community Services and Housing Committee approved a framework in relation to which the Department's services were focussed on four target groups: the Unemployed, Children and Families, Youth and Seniors.

The Department is comprised of a large and diverse staff within a number of divisions located across Metropolitan Toronto. Accordingly the co-ordination of the responsibilities and activities of the six divisions of the Department remains a critical element in meeting the complex and shifting needs of the Metropolitan community. In 1984 the Department's prime overall focus related to ensuring sufficient program and organizational flexibility to respond quickly and effectively to such changing needs and circumstances.

AMBULANCE SERVICES

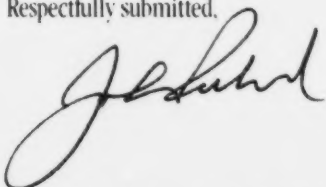
The stated mission of the Metro Toronto Ambulance Services Department is to provide an efficient emergency and transfer ambulance service capable of supplying transportation and skilled emergency patient care to the people of Metropolitan Toronto. During 1984, after seven years of intensive planning, the Department, in co-operation with the Ministry of Health, introduced a pilot Advanced Life Support Program with the objective of providing advanced medical intervention at the scene prior to transportation to a medical facility. Staff involved in this paramedic program underwent a rigorous 49-week training period on completion of which were deemed capable of intervening in situations of a life-threatening nature.

A major undertaking of the Department in 1984 was the provision of planning and operational services in regard to both the Papal and Royal visits. The Papal Visit, in particular, represented a major undertaking for the Department in terms of the co-ordination of emergency medical coverage. A complex emergency medical system capable of handling the health needs of over 1 million citizens was established in conjunction with the medical community.

CONCLUSION

The Municipality of Metropolitan Toronto further consolidated its financial position in 1984 and continued to pursue fiscal strategies geared to long-term stability and effective utilization of limited resources. At the same time, the Metropolitan Council initiated a concerted and sustained effort for the promotion of economic development in the Metropolitan Area consistent with prudent and sound fiscal management.

Respectfully submitted,



JOHN L. PICKARD, B.COM., F.C.A.
Commissioner of Finance and Treasurer

October, 1985



Edwards Gardens (top); Wilket Creek (bottom) — just part of the 8,700 acres of Metro parkland catering to a wide variety of interests and activities.





Snow-melting equipment clearing part of the 730 km. network of arterial roads under Metropolitan jurisdiction.

Methane gas, a by-product at refuse disposal sites, presently being researched as a source of energy.



Consolidated Financial Statements

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1

Allan G. Andrews, C.A., *Metropolitan Auditor*

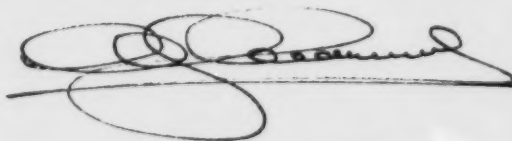
May 23, 1985

AUDITOR'S REPORT

**The Chairman and Members of the
Metropolitan Council of the
Municipality of Metropolitan Toronto**

I have examined the consolidated balance sheet of the Municipality of Metropolitan Toronto as at December 31, 1984 and the consolidated statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Municipality as at December 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles for Ontario municipalities applied on a basis consistent with that of the preceding year.



METROPOLITAN AUDITOR
Licence No. 926

MUNICIPALITY OF METROPOLITAN TORONTO

CONSOLIDATED BALANCE SHEET
YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

ASSETS	1984	1983
Unrestricted		
Cash	\$ 9,761	\$ 9,129
Investments (note 4)	149,741	113,803
User charges receivable	38,756	36,417
Accounts receivable (note 13)	160,340	161,922
Other current assets	31,931	30,324
Long term receivables	2,003	1,537
	392,532	353,132
Restricted		
Cash	247	614
Investments (note 4)	16,351	13,428
Accounts receivable	471	309
Other current assets	120	116
	17,189	14,467
Capital outlay financed by long term liabilities and to be recovered in future years (notes 2, 5)	641,913	700,827
	\$1,051,634	\$1,068,426
LIABILITIES AND FUND BALANCES		
Current liabilities		
Temporary loans	\$ 4,326	\$ 4,019
Accounts payable and accrued liabilities (notes 7, 8, 9)	210,163	197,180
Other current liabilities (note 13)	33,250	30,242
	247,739	231,441
Long term payables	12,367	11,138
Deferred Ontario Income Tax	813	672
Net long term liabilities (note 5)	641,913	700,827
Fund balances at end of year (notes 10, 11, 12)		
To be used to offset taxation or user charges	55,329	53,087
Transit operations	(10,614)	(11,391)
Unexpended capital financing	17,029	23,148
Reserves	70,376	45,373
Reserve funds	16,682	14,131
	\$1,051,634	\$1,068,426

see accompanying notes

MUNICIPALITY OF METROPOLITAN TORONTO

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1984

SOURCES OF FINANCING	1984	1983
Taxation and user charges		
Requisition on local municipalities	\$ 1,750,843	\$ 1,611,898
Less: School board requisition	(1,079,304)	(1,001,205)
User charges	498,982	448,899
Grants		
Government of Canada	4,389	2,572
Province of Ontario	550,488	514,506
Other		
Investment income	19,503	14,967
Sale of land	1,729	5,599
Fines	22,558	22,728
Other	35,749	28,342
Proceeds from the issue of long term liabilities	18,461	37,552
Net appropriations from reserves and reserve funds		31,859
Municipal fund balances at beginning of year		
To be used to offset taxation or user charges	53,087	43,447
Transit operations	(11,391)	(5,898)
Unexpended capital financing	23,148	40,698
	\$ 1,888,242	\$ 1,795,964

see accompanying notes

DOLLARS IN THOUSANDS

APPLIED TO

1984

1983

Current operations

General government	\$ 49,402	\$ 45,304
Protection to persons and property	324,641	304,690
Transportation services	517,901	483,329
Environmental services	173,512	160,385
Health services	35,175	31,278
Social and family services	336,977	310,736
Recreation and cultural services	104,089	91,979
Planning and development	15,917	5,097

1,557,614

1,432,798

Capital operations

General government	628	408
Protection to persons and property	10,719	21,320
Transportation services	159,276	173,917
Environmental services	45,620	75,679
Health services	3,942	2,822
Social and family services	7,472	6,845
Recreation and cultural services	13,641	10,353
Planning and development	32	6,978

241,330

298,322

Net appropriations to reserves and reserve funds

27,554

Municipal fund balances at end of year

To be used to offset taxation or user charges	55,329	53,087
Transit operations	(10,614)	(11,391)
Unexpended capital financing	17,029	23,148

\$1,888,242

\$1,795,964

MUNICIPALITY OF METROPOLITAN TORONTO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs and Housing and reflect the following policies as set forth in the Municipal Financial Reporting Handbook:

(a) Basis of Consolidation

(i) Consolidated Statement of Operations

This statement reflects the consolidated sources of financing and expenditures of the revenue fund, reserves, reserve funds and the capital fund of the Municipality and the following local boards and municipal enterprises:

Metropolitan Board of Commissioners of Police
Metropolitan Licensing Commission
Metropolitan Toronto Waterworks System
Metropolitan Toronto Library Board
Toronto Transit Commission
Gray Coach Lines, Limited
Board of Governors of Exhibition Place
Board of Management of the O'Keefe Centre
Board of Management of the Metropolitan Toronto Zoo
Board of Management of the Guild

Also included therein is the Metropolitan Education Levy requisitioned upon the Metropolitan area municipalities on behalf of the Metropolitan Toronto School Board.

(ii) Consolidated Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, reserve funds and capital fund of the Municipality, together with the assets and liabilities of the local boards and municipal enterprises detailed in Note 1(a)(i).

(iii) Non-Consolidated entities

For those local boards and municipal enterprises of the Municipality which are not consolidated, the Consolidated Balance Sheet does not reflect their assets or liabilities except to the extent of the net long term liabilities issued by the Municipality on their behalf and the amounts due to or from those entities. The Consolidated Statement of Operations does not reflect their revenues and expenditures except to the extent of the Municipality's contribution to those entities.

Those entities which are not consolidated are as follows:

Metropolitan Toronto Housing Company Limited
Metropolitan Toronto School Board

(b) Basis of accounting

(i) Charges for long term liabilities

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long term liabilities which are charged against operations in the periods in which they fall due. The principal and interest charges are not accrued for the periods from the latest due dates to the end of the financial year. The Municipality will commence to accrue debenture interest charges effective January 1, 1985; in this regard a reserve was established in 1982 to permit the phasing of the fiscal impact of debenture interest accrual over intervening years, annual allocations to the reserve having been provided from the revenue fund of the Municipality.

(ii) Revenue and expenditure recognition

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Capital outlay financed by long term liabilities and to be recovered in future years

The historical cost and accumulated depreciation of fixed assets are not reported for municipal purposes. Instead the "Capital outlay financed by long term liabilities and to be recovered in future years", which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures, the value of long term obligations arising out of capital leases entered into by the Municipality, and capital funds transferred to local boards and municipal enterprises of the Municipality, is reported on the Consolidated Balance Sheet.

(iv) Liabilities payable in foreign currencies

Long term debt payable in U.S. funds has been converted into Canadian funds at the exchange rates prevailing at the time the debt was incurred.

(v) Inventories

Inventories of supplies amounting to \$20,490,000 (1983 — \$19,829,000) and included in "Other current assets — Unrestricted" on the Consolidated Balance Sheet are valued at average cost.

(vi) Reserves and reserve funds

Under Ontario municipal accounting practice Metropolitan Council may, from time to time, establish reserves or reserve funds for anticipated potential or contingent expenditures or events. Provisions to such reserves or reserve funds are in the main accounted for as expenditures of the revenue fund.

2. CAPITAL OUTLAY FINANCED BY LONG TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS

Some capital outlay to be recovered in future years does not represent a burden on general municipal revenues as it is to be recovered either from revenue of the School Board or from the individual municipal enterprises as follows:

	DOLLARS IN THOUSANDS	
	1984	1983
Metropolitan Toronto School Board	\$156,666	\$175,873
Metropolitan Toronto Waterworks System	75,575	85,928
Toronto Transit Commission	20,723	23,708

Capital outlays, fixed asset purchases and transfers of capital funds totalling \$62,681,000 (1983 — \$71,530,000) which have been financed from current revenues are reported on the Analysis of Current Operations.

3. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$18,323,000 (1983 — \$16,604,000) have not been included in the Consolidated Balance Sheet nor have their operations been included in the Consolidated Statement of Operations.

4. INVESTMENTS

The unrestricted investments of \$149,740,000 (1983 — \$113,803,000) and restricted investments of \$16,351,000 (1983 — \$13,428,000) are recorded on the Consolidated Balance Sheet at cost. The market value of these investments at the end of the year approximates cost.

5. NET LONG TERM LIABILITIES

(a) Debenture debt

Under the provisions of the Municipality of Metropolitan Toronto Act, the Metropolitan Corporation has the sole responsibility for borrowing money for its own account, the accounts of its local boards and municipal enterprises, and for the accounts of its area municipalities and their local boards and enterprises. It also assumed, under the provisions of the Act, certain debt incurred directly by its area municipalities prior to this statutory responsibility. Where money is borrowed or debt assumed on behalf of other bodies, repayment of the related debt servicing requirements is made by these bodies to the Municipality.

(b) Other long term obligations

Included in this category are:

the long term obligations arising out of lease purchase agreements entered into by the Municipality in respect of the Animal Domain Ride vehicles at the Metropolitan Toronto Zoo amounting to \$3,103,000 (1983 — \$3,417,000); the purchase of computer equipment by the Metropolitan Police Commission in the sum of \$616,000 (1983 — \$804,000), and the purchase of computer equipment by the Metropolitan Department of Ambulance Services in the sum of \$245,000 (1983 — Nil).

a long term interest free loan payable to the Province of Ontario in connection with the capital cost of the expansion of Exhibition Stadium amounting to \$7,715,000 (1983 — \$8,104,000).

(c) Reconciliation of gross long term liabilities with net long term liabilities as reported on the Consolidated Balance Sheet

DOLLARS IN THOUSANDS

In respect of debenture debt

Total principal amount outstanding and
incurred by the Municipality

for own account	\$681,908	
for local boards and municipal enterprises	213,424	
for Metropolitan Toronto School Board	181,254	
for area municipalities	429,789	\$1,506,375
carried forward		1,506,375

brought forward		\$1,506,375
Total principal amount outstanding incurred by area municipalities and assumed by the Municipality		
for own account	\$ 652	
for Metropolitan Toronto School Board	68	720
Less: Principal amount outstanding payment of which is to be recovered from others		
from area municipalities	429,789	
from Province of Ontario (in respect of assets assumed)	13,444	443,233
Less: Value of funds accumulated to retire outstanding long term liabilities		
Sinking funds		
for own account	\$291,534	
for local boards and municipal enterprises	117,126	
for Metropolitan Toronto School Board	24,656	433,316
Ministry of the Environment debt retirement fund	312	433,628
Net long term liabilities — debenture debt		630,234
In respect of other long term obligations		
Capital leases	3,964	
Long term loans	7,715	11,679
Total net long term liabilities		\$641,913
Analyzed as follows:		
To be recovered from the revenues of the Metropolitan Toronto School Board		\$156,666
To be recovered from the general municipal revenues of the municipality and its local boards and municipal enterprises as detailed in Note 1(a)(i)		485,247
		\$641,913

(d) Net long term liabilities — future redemption

Of the net long term liabilities reported in (c) of this note, \$250,181,000 in principal payments are payable from 1985 to 1989, \$180,659,000 from 1990 to 1994 and \$78,151,000 thereafter, and are summarized as follows:

	DOLLARS IN THOUSANDS		
	1985 to 1989	1990 to 1994	1995 and thereafter
from general municipal revenues	\$124,265	\$110,137	\$47,925
from the Metropolitan Toronto Waterworks System	20,740	19,728	10,132
from the Toronto Transit Commission	8,348	9,353	1,697
from the Metropolitan Toronto School Board	96,828	41,441	18,397
	\$250,181	\$180,659	\$78,151

(e) Translation of net long term liabilities payable in U.S. funds

Included in the total of \$641,913,000 is an amount of \$187,019,000 payable in U.S. funds and converted at rates of exchange prevailing at the time the liability was incurred. If translated at the exchange rate prevailing at December 31, 1984, the Canadian dollar equivalent of this amount of debt would be increased by \$47,146,000 (1983 — \$37,072,000).

(f) Ontario Municipal Board

Approval of the Ontario Municipal Board has been obtained for the long term liabilities reported in (c) of this note issued in the name of the Municipality.

(g) Long term liabilities incurred on behalf of area municipalities

The Municipality is contingently liable for long term liabilities incurred on behalf of its area municipalities. The total amount outstanding as at December 31, 1984 was \$429,789,000 (1983 — \$427,525,000) and is not recorded on the Consolidated Balance Sheet. During the year long term liabilities of \$31,383,000 (1983 — \$43,926,000) were incurred on behalf of the Metropolitan area municipalities and are not reflected on the Consolidated Statement of Operations.

6. CHARGES FOR LONG TERM LIABILITIES

Payments and recoveries in respect of the total debt incurred by the Municipality for its own account and on account of its local boards and municipal enterprises, including the Metropolitan Toronto School Board, are set out below. Also included are payments in respect of capital leases entered into by the Municipality, and, where applicable, loan repayments to the Province of Ontario in respect of the long term loan for the expansion of Exhibition Stadium.

	DOLLARS IN THOUSANDS	
	1984	1983
Principal payments including contributions to sinking funds and to the Ministry of the Environment debt retirement fund	\$ 56,086	\$ 54,340
Interest	97,157	97,380
carried forward	153,243	151,720

brought forward	\$ 153,243	\$151,720
Recoveries from the Metropolitan Toronto School Board		
for principal	19,207	17,958
for interest	15,578	18,436
	34,785	36,394
Charges for long term liabilities recovered from general municipal revenues of the Municipality and its local boards and municipal enterprises as detailed in Note 1(a)(i)	\$118,458	\$115,326

The amount of \$118,458,000 is charged to expenditures on the Consolidated Statement of Operations under the appropriate functional classifications and consists of principal payments of \$36,880,000 and interest payments of \$81,578,000. Payments of interest and principal on debt issued in U.S. currency included in these amounts are reflected at the actual Canadian dollar costs incurred. Principal payments include the sum of \$2,198,000 (1983 — \$2,005,000) which reflects the excess of costs of conversion to U.S. funds over the corresponding principal amounts recorded at the time the debt was issued.

7. CONTRACTUAL OBLIGATIONS

Capital fund

(a) Property settlements outstanding

Due to the lengthy processes involved in the agreement of the valuation of properties expropriated for capital improvements, there were a number of settlements outstanding at the end of the year. In view of the complexities of arriving at valuations of such properties, no liability has been brought to account or determined for such property settlements outstanding as at December 31, 1984.

Revenue fund

(a) Contribution towards domed stadium

Metropolitan Council, on January 22, 1985, approved a contribution towards the capital cost of construction of a domed stadium within the boundaries of Metropolitan Toronto in a total amount not to exceed the lesser of \$30 million, or 20 per cent of the total cost of the project. This contribution was approved as a current expenditure to be financed over a period of five years commencing in 1985 through the establishment and maintenance of a reserve fund with provision being made annually in the current estimates as follows:

1985	\$ 500,000
1986	7,200,000
1987	7,200,000
1988	7,200,000
1989	7,900,000

In addition, Council adopted as policy that it would not be responsible for any operating costs or financial losses of the stadium, nor provide any grants to related organizations.

8. PAST SERVICE PENSION COSTS

In addition to regular payments in respect of current service, the Municipality is obligated at December 31, 1984 for an amount of \$109,824,000 (1983 — \$133,158,000) in respect of past service relative to various pension and benefit plans as follows:

DOLLARS IN THOUSANDS			
	To be recovered from		
	General municipal revenue	Municipal enterprises	Grand total
Total — 1985-1987	\$ 35,808	\$1,008	\$ 36,816
Total — 1988-1990	35,581	1,008	36,589
Total — 1991-1994	35,747	672	36,419
	\$107,136	\$2,688	\$109,824

No provision has been made in the accounts for this obligation, and the expense is recorded as funded annually. In this regard, expenditure of \$12,319,000 was funded in 1984 (1983 — \$13,443,000) and is reported on the Consolidated Statement of Operations.

9. VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the employment of the Municipality or some of its local boards and municipal enterprises.

Metropolitan Council on April 23, 1982, approved the establishment of a Corporate Sick Pay Reserve Fund to cover payouts to employees of the Metropolitan Corporation, the Metropolitan Waterworks System and the Metropolitan Toronto Housing Company Limited, such that contributions to the fund are sufficient to offset expected payouts over a given period of time. Effective January 1, 1984, eligible employees of the Board of Governors of Exhibition Place, the Board of Management of the Metropolitan Toronto Zoo and the Metropolitan Toronto Library Board became participants in the Corporate Sick Pay Reserve Fund.

The contributions to the fund are determined on the basis of a 10-year simulation of projected reserve fund activity with the projections of withdrawals based on a 20-year forecast period, the entire projection process being repeated every two years. It is anticipated that this process will stabilize the financial impact on the Corporation in respect of future payment of vested sick leave benefits.

The following table details, in respect of employees of the Metropolitan Corporation and other participants, the contributions to the fund and the amount of vested contingent liability as at December 31, 1984.

DOLLARS IN THOUSANDS					
	Contributions				
	1984	1985 to 1987	1988 to 1990	1991 to 1994	Vested liability to Dec. 31, 1984
Municipality	\$3,654	\$13,212	\$17,704	\$36,878	\$63,503
Other	401	1,215	1,515	2,838	4,709

As at December 31, 1984, the balance of the Corporate Sick Pay Reserve Fund stood at \$14,371,000 (1983 — \$12,428,000).

10. CONVERSION TO MUNICIPAL BASIS OF ACCOUNTING

For purposes of consolidation in these financial statements the operations and results of The Toronto Transit Commission and Gray Coach Lines, Limited, accounted for on a commercial basis, have been converted to a municipal basis of accounting. This restatement results in a reduction in equity at December 31 over the figures reported on a commercial basis as follows:

	DOLLARS IN THOUSANDS	
	1984	1983
Equity — Commercial basis	\$ 58,503	\$ 57,884
Equity (deficit) — Municipal basis	(10,614)	(11,391)
Net reduction in equity due to restatement	\$ 69,117	\$ 69,275

11. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The balance on the Consolidated Statement of Operations of municipal equity of \$61,744,000 (1983 — \$64,844,000) at the end of the year is comprised of the following:

	DOLLARS IN THOUSANDS	
	1984	1983
for general reduction of taxation	\$ 35,738	\$ 39,243
for general reduction of user charges	19,591	13,844
	55,329	53,087
transit operations — deficit arising out of adoption of municipal accounting conventions	(10,614)	(11,391)
acquisition of fixed assets to be recovered through taxation	(26,007)	(17,840)
acquisition of fixed assets to be financed from the proceeds of long term liabilities	(26,007)	(17,840)
funds available for the acquisition of fixed assets	69,043	58,828
	17,029	23,148
	\$ 61,744	\$ 64,844

Approval of the Ontario Municipal Board has been obtained for the pending issues of long term liabilities and for those commitments to be financed from revenues beyond the term of Council. In regard to the latter, the obligations relate essentially to long term operating leases for office space and equipment for the period 1985 to 2005 and amount to \$20,903,000.

12. RESERVES AND RESERVE FUNDS

The total balance of reserves and reserve funds of \$87,058,000 (1983 — \$59,504,000) is made up of the following:

	DOLLARS IN THOUSANDS	
Set aside for specific purposes by Council	1984	1983
Reserves		
exchange stabilization	\$ 2,465	\$ 2,744
replacement of equipment	3,882	2,465
sick pay benefits	1,725	1,158
debenture interest accrual	14,250	9,500
capital financing stabilization	20,363	10,699
contingencies	15,657	
parks and recreation programs & facilities	1,089	1,089
transit current purposes	5,000	4,500
transit capital purposes	5,500	5,500
construction of convention centre		6,543
emergency response facilities	445	1,175
	70,376	45,373
Reserve funds		
sick pay benefits	14,371	12,427
insurance	697	749
waterworks purposes	71	64
parks and recreation programs & facilities	1,423	776
	16,562	14,016
	86,938	59,389
Set aside for specific purposes by legislation, regulation or agreement		
Reserve funds		
for contingencies re. Lakeview Sewage Treatment Plant	120	115
	\$87,058	\$59,504

13. SINKING FUNDS SURPLUS MONIES

The Sinking fund balances reflected in the value of net long term liabilities at the end of the year do not include specific accumulations at that date in excess of the total related debt. These accumulations amounting to \$18,848,000 in 1984 (1983 — \$16,974,000) are subject to a decision of The Metropolitan Council as to their use for either capital or revenue purposes. Accordingly, while they have been recorded as receivable, corresponding amounts have been set up as deferred revenue and are included on the Consolidated Balance Sheet under "Other Current Liabilities".

14. CAPITAL FINANCING STABILIZATION RESERVE

Metropolitan Council, in considering the 1981 current estimates, approved the creation of a Capital Financing Stabilization Reserve, commencing in 1982, for the purpose of stabilizing the contribution of the revenue fund towards capital expenditure at a level no greater than 50% of the actual net capital financing requirements for the year. The current policy of Council for financing net capital expenditures is to meet up to 50 per cent of the required financing by an annual current levy and transfers, where necessary and available, from the Stabilization Reserve, the balance being provided from excess sinking fund earnings and debenture proceeds; conversely if the annual current levy produces a sum of funds in excess of the 50 per cent guideline, such excess is transferred to the Reserve.

The 1984 Operating Budget, adopted by Metropolitan Council on April 10, 1984, approved a levy of 5 mills of the total Metropolitan general assessment (\$43,564,000) for the purpose of financing 1984 capital expenditures.

Towards the end of the financial year, however, it was anticipated that an annual 5 mill levy together with the projected balance in the Capital Financing Stabilization Reserve would be sufficient to meet 50% of the projected net capital financing requirements in 1985, but would be insufficient in the years 1986 and beyond.

Accordingly, Metropolitan Council, on April 19, 1985, approved an increase in the annual current levy for capital financing to the equivalent of 6 mills, commencing in 1985, and, in addition, approved the provision, in 1984, of an additional half-mill (\$4,356,000), to the reserve.

15. RESERVE FOR ARBITRATION CONTINGENCIES

For some years certain matters have been in arbitration which could give rise to potential liabilities. Funding to cover these contingencies has been provided each year in the annual estimates and the lack of resolution in each year has resulted in these unspent amounts forming part of the surplus of that year. On April 19, 1985, Metropolitan Council approved the establishment of a reserve for arbitration contingencies, and the transfer of an amount of \$15,000,000 to this reserve for the 1984 fiscal year in respect of such contingencies.

16. CHANGE IN CONSOLIDATION

Effective the 1984 financial reporting year, the operations of the Board of Management of the Guild ("The Guild Inn"), a local board of the Metropolitan Corporation, have been consolidated with those of the Municipality of Metropolitan Toronto. The consolidation of the operations of the Board does not result in any significant impact on the consolidated financial statements of the Municipality.

17. COMPARATIVE FIGURES

Certain of the 1983 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

MUNICIPALITY OF METROPOLITAN TORONTO

ANALYSIS OF CURRENT OPERATIONS

YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

	1984 Budget	1984 Actual	Budget Comparison	1983 Actual
Surplus at beginning of year	\$ 41,782	\$ 41,696	\$ (86)	\$ 37,549
Revenue				
Taxation and User Charges				
Requisition on local municipalities	1,745,077	1,750,843	5,766	1,611,898
Less: School board requisition	(1,077,393)	(1,079,304)	(1,911)	(1,001,205)
User charges	474,273	498,801	24,528	448,809
Grants				
Government of Canada	2,509	2,512	3	2,111
Province of Ontario	429,847	426,715	(3,132)	399,335
Other				
Investment income	14,120	17,804	3,684	13,649
Fines	23,051	22,558	(493)	22,728
Other	13,433	16,049	2,616	23,436
	1,624,917	1,655,978	31,061	1,520,761
Expenditure				
General Government	55,300	68,927	(13,627)	49,646
Protection to persons and property	350,979	341,084	9,895	315,461
Transportation services	538,214	537,870	344	515,725
Environmental services	197,585	198,530	(945)	184,710
Health services	40,839	39,271	1,568	34,368
Social and family services	354,961	344,557	10,404	312,926
Recreation and cultural services	106,062	113,301	(7,239)	98,650
Planning and development	7,539	9,419	(1,880)	5,128
Other	5,435		5,435	
	1,656,914	1,652,959	3,955	1,516,614
Surplus at end of year	\$ 9,785	\$ 44,715	\$34,930	\$ 41,696

MUNICIPALITY OF METROPOLITAN TORONTO

ANALYSIS OF CAPITAL OPERATIONS

YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

	1984	1983
Unexpended capital financing at beginning of year	\$ 23,148	\$ 40,698
Sources of funds		
Long term liabilities incurred	18,901	38,160
Ontario grants	123,773	115,171
Other	28,058	24,125
Appropriations from other funds		
Current operations	62,681	71,530
Reserves	1,921	25,795
Reserve funds	355	494
	235,689	275,275
Expenditures and transfers		
General government	717	432
Protection to persons and property	10,719	21,457
Transportation services	159,284	174,675
Environmental services	45,893	76,208
Health services	3,942	2,822
Social and family services	7,473	6,845
Recreation and cultural services	13,748	10,366
Planning and development	32	20
	241,808	292,825
Unexpended capital financing at end of year	\$ 17,029	\$ 23,148

MUNICIPALITY OF METROPOLITAN TORONTO

ANALYSIS OF RESERVES AND RESERVE FUNDS
YEAR ENDED DECEMBER 31, 1984

RESERVES	Exchange Stabilization	Equipment Replacement	Convention Centre
Balance at beginning of year	\$2,744	\$ 2,465	\$ 6,543
Appropriations from (to) current operations	(279)	4,654	3,000
Interest earned			
Other contributions		181	
Appropriations to reserve funds		(4)	
Appropriations from (to) capital operations		(1,921)	
Other charges		(1,493)	(9,543)
Balance at end of year	\$2,465	\$ 3,882	\$ —

RESERVES	Major Expenditures Variations	Capital Financing Stabilization
Balance at beginning of year	\$ —	\$10,699
Appropriations from (to) current operations	657	9,664
Interest earned		
Other contributions		
Appropriations to reserve funds		
Appropriations from (to) capital operations		
Other charges		
Balance at end of year	\$657	\$20,363

DOLLARS IN THOUSANDS

Gray Coach Terminals	Emergency Response	Police Central Sick Pay	Parkland Acquisition	Debenture Interest Accrual
\$5,500	\$ 1,175	\$1,158	\$1,000	\$ 9,500
	308	730		4,750
		16		
	(1,038)	(179)		
\$5,500	\$ 445	\$1,725	\$1,000	\$14,250

C.N.E.A. Vested	Arbitration Contingencies	Transit Current Operations	Total 1984	Total 1983
\$89	\$ —	\$ 4,500	\$ 45,373	\$ 80,017
	15,000	7,145	45,629	3,432
			16	
			181	155
			(4)	(4)
			(1,921)	(25,794)
		(6,645)	(18,898)	(12,433)
\$89	\$15,000	\$ 5,000	\$ 70,376	\$ 45,373

MUNICIPALITY OF METROPOLITAN TORONTO

ANALYSIS OF RESERVES AND RESERVE FUNDS (continued)
YEAR ENDED DECEMBER 31, 1984

RESERVE FUNDS	M.O.E. Contingencies	O'Keefe Capital Improvements	Stadium Capital Improvements
Balance at beginning of year	\$115	\$133	\$449
Revenue			
Contributions from current operations		288	633
Contributions from capital operations			
Contributions from reserves			
Contributions from others			
Interest earned	5	21	56
	5	309	689
Expenditures			
Contributions to current operations			1
Contributions to capital operations		103	252
Other charges			
		103	253
Balance at end of year	\$120	\$339	\$885

DOLLARS IN THOUSANDS

Waterworks Easement	Insurance	Corporate Sick Pay	Regent Park Community Centre	C.N.E.A. Vested	Total 1984	Total 1983
\$64	\$749	\$12,427	\$44	\$150	\$14,131	\$11,346
	524	4,004			5,449	5,194
	5				5	7
		4			4	4
	36	47			83	108
7	109	1,468	5	12	1,683	1,336
7	674	5,523	5	12	7,224	6,649
					1	121
					355	494
	726	3,579		12	4,317	3,249
	726	3,579		12	4,673	3,864
\$71	\$697	\$14,371	\$49	\$150	\$16,682	\$14,131

CONSOLIDATED LOCAL BOARDS, COMMISSIONS AND AGENCIES

Metropolitan Waterworks System

439 University Avenue
10th Floor
Toronto, Ontario
M5G 1V8

Metropolitan Toronto Library Board

789 Yonge Street
Toronto, Ontario
M4W 2G8

Toronto Transit Commission

1900 Yonge Street
Toronto, Ontario
M4S 1Z2

Gray Coach Lines Ltd.

700 Bay Street
20th Floor
Toronto, Ontario
M5G 2B6

Board of Governors of Exhibition Place

Exhibition Place
Toronto, Ontario
M6K 3C3

Board of Management of the Metropolitan Toronto Zoo

Box 280
West Hill, Ontario
M1E 4R5

Board of Management of the O'Keefe Centre

1 Front Street East
Toronto, Ontario
M5E 1B2

Board of Management of the Guild

201 Guildwood Parkway
Scarborough, Ontario
M1E 1P6

Statistical Review

METROPOLITAN ASSESSMENT
LAST SIX FISCAL YEARS

DOLLARS IN THOUSANDS, EXCEPT PER CAPITA FIGURES

Taxation Year	Residential*	Commercial	Total	Total Assessment Per Capita
1979	\$4,127,631	\$3,678,687	\$7,806,318	\$3,621
1980	4,227,153	3,800,787	8,027,940	3,702
1981	4,266,197	3,820,133	8,086,330	3,694
1982	4,375,412	4,021,747	8,397,159	3,923
1983	4,489,762	4,045,484	8,535,246	3,866
1984	4,579,090	4,133,651	8,712,741	4,087

*The above statement records unweighted assessment for both residential and commercial purposes. However, as indicated on page 28, commencing in 1984 provincial legislative changes provide for the Metropolitan general tax levy, distributed to each area municipality, to reflect weighted residential assessment.

DISTRIBUTION OF METROPOLITAN LEVIES — 1984

DOLLARS IN THOUSANDS

Area Municipality	— General Levy —		— Education Levy —				— Total Levy —	
	Levy	%	Public	Secondary	Total	%	Amount	%
City of Toronto	\$242,463	40.60	\$240,263	\$195,626	\$ 435,889	41.00	\$ 678,352	40.85
City of North York	137,888	23.09	129,915	113,648	243,563	22.91	381,451	22.97
City of Etobicoke	87,052	14.57	79,008	71,633	150,641	14.17	237,693	14.32
City of Scarborough	88,641	14.84	85,775	73,152	158,927	14.95	247,568	14.91
City of York	21,866	3.66	19,454	18,584	38,038	3.58	59,904	3.61
Borough of East York	19,336	3.24	19,715	16,367	36,082	3.39	55,418	3.34
TOTAL	\$597,246	100.00	\$574,130	\$489,010	\$1,063,140	100.00	\$1,660,386	100.00

COMPARATIVE STATEMENT OF POPULATION, TAX LEVIES AND
COLLECTION OF THE METROPOLITAN AREA MUNICIPALITIES

DOLLARS IN THOUSANDS, EXCEPT PER CAPITA FIGURES

Year	Population	Total Current Tax Levy		Tax Collection as % of Current Tax Levy	
		Amount	Per Capita	Current	Current & Arrears
1975	2,153,381	\$ 864,469	\$ 401.45	94.33	98.60
1976	2,156,262	993,538	460.77	94.92	99.66
1977	2,150,151	1,160,066	539.53	94.85	97.42
1978	2,137,867	1,228,970	574.86	95.70	100.35
1979	2,155,724	1,343,837	623.39	95.35	99.55
1980	2,168,712	1,471,971	678.74	96.24	101.40
1981	2,189,180	1,650,999	754.17	95.83	99.83
1982	2,140,347	1,891,075	883.54	96.04	99.96
1983	2,207,918	2,091,270	947.17	96.36	100.37
1984	2,131,942	2,283,463	1,071.08	96.94	100.60

STATEMENT OF TAX LEVIES AND COLLECTIONS
OF THE METROPOLITAN AREA MUNICIPALITIES - 1984

DOLLARS IN THOUSANDS, EXCEPT PER CAPITA FIGURES

Area Municipality	Current Tax Levies — (including penalties and interest) —				Tax Collections as % — of Current Tax Levies —	
	Own Purposes	Metropolitan Corporation	Education	Total Taxation	Per Capita	Current & Arrears
Borough of East York	\$ 17,056	\$ 19,567	\$ 38,732	\$ 75,355	\$ 766.99	97.43
City of Etobicoke	64,703	87,113	167,494	319,310	1,071.08	97.06
City of North York	104,405	137,143	268,641	510,189	918.81	97.52
City of Scarborough	81,394	86,517	170,803	338,714	753.75	98.02
City of Toronto	223,749	248,707	475,325	947,781	1,587.12	96.33
City of York	27,113	21,678	43,323	92,114	688.69	95.32
TOTAL	\$518,420	\$600,725	\$1,164,318	\$2,283,463	\$1,071.08	96.94

CONSOLIDATED CURRENT REVENUES BY SOURCE
LAST SIX FISCAL YEARS

Year	Taxation	Ontario Grants	User Charges	Other Revenue	
				Other Grants	Investment Income
1979	\$414,326	\$232,274	\$263,688	\$ 32	\$15,883
1980	448,909	262,282	290,531	49	14,666
1981	499,092	295,238	342,713	291	29,244
1982	549,562	353,214	395,845	98	25,167
1983	610,693	399,335	448,809	2,111	13,631
1984	671,539	426,715	498,801	2,512	17,804

CONSOLIDATED CURRENT EXPENDITURES BY FUNCTION
LAST SIX FISCAL YEARS

Year	General Government	Protection to Persons & Property	Transportation Services	Environmental Services	Health Services	Social & Family Services
1979	\$30,218	\$195,060	\$319,565	\$124,425	\$18,782	\$160,001
1980	37,908	222,295	351,226	154,509	24,171	167,980
1981	33,828	254,961	418,653	154,669	25,671	195,711
1982	62,101	291,740	475,322	166,631	30,155	252,784
1983	49,646	315,461	515,725	184,710	34,368	312,926
1984	68,927	341,084	537,870	198,530	39,271	344,557

1984 CONSOLIDATED CURRENT REVENUES BY SOURCE

DOLLARS IN THOUSANDS

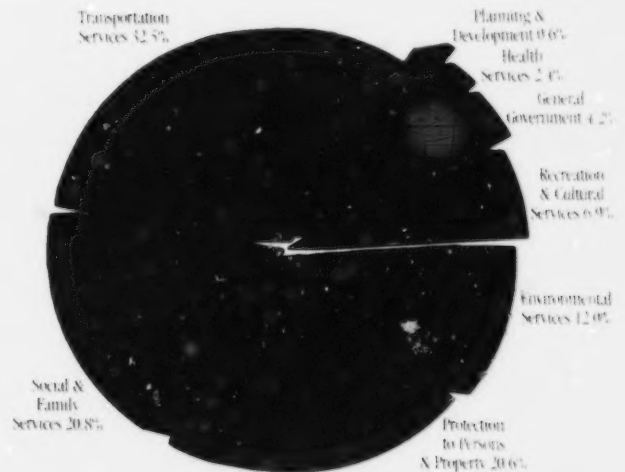
Fines	Other	Total
\$13,487	\$ 6,502	\$ 946,192
13,384	11,700	1,041,521
13,925	9,638	4,190,141
21,185	8,490	1,353,567
22,728	23,454	1,520,761
22,558	16,049	1,655,978



1984 CONSOLIDATED CURRENT EXPENDITURES BY FUNCTION

DOLLARS IN THOUSANDS

Recreation & Cultural Services	Planning & Development	Total
\$ 65,808	\$10,366	\$ 924,223
69,709	17,134	1,044,932
80,115	10,147	1,173,755
88,224	8,487	1,375,444
98,650	5,128	1,516,614
113,301	9,419	1,652,959



CONSOLIDATED CAPITAL FINANCING BY SOURCE
LAST SIX FISCAL YEARS

DOLLARS IN THOUSANDS

Year	Long-Term Liabilities Incurred	Contributions From Own Funds	Ontario Grants	Other	Total
1979	\$65,335	\$40,552	\$ 49,082	\$28,403	\$183,372
1980	15,413	57,327	45,230	22,570	140,540
1981	17,501	65,174	64,251	14,867	161,793
1982	10,145	56,449	86,771	16,848	170,213
1983	38,160	97,819	115,171	24,125	275,275
1984	18,901	64,957	123,773	28,058	235,689

CONSOLIDATED CAPITAL EXPENDITURES BY FUNCTION
LAST SIX FISCAL YEARS

Year	General Government	Protection to Persons & Property	Transportation Services
1979	\$ 76	\$ 8,074	\$ 75,109
1980	131	6,428	71,131
1981	801	7,022	92,874
1982	658	5,140	118,917
1983	432	21,457	174,675
1984	717	10,719	159,284

CAPITAL EXPENDITURES — 1984

CAPITAL PROJECTS ON WHICH EXPENDITURES EXCEEDED \$5 MILLION

DOLLARS IN THOUSANDS

	1984 Gross Expenditure	Estimated Gross Cost
Scarborough Light Rail Transit Line	\$58,908	\$196,000
Purchase of 126 Subway Cars	15,853	185,800
Purchase of 52 Light Rail Vehicles	14,603	104,750
Main Sewage Treatment Plant Stage 3	14,563	162,250
Transit — Parkdale/Hillcrest Replacement Site	9,611	25,000
Disco Road Transfer Station	6,935	12,484
Keele Valley Landfill Site Development	6,392	22,900
Road Widening in Scarborough	5,135	9,625
F. G. Gardiner Repairs	5,030	17,000

DOLLARS IN THOUSANDS

Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development	Total
\$53,405	\$2,348	\$4,814	\$ 7,506	\$ 5	\$151,337
29,867	5,238	6,554	6,578	55	125,982
25,528	1,996	3,929	8,169	9	140,328
33,244	2,649	5,317	9,183	25	175,133
76,208	2,822	6,845	10,366	20	292,825
45,893	3,942	7,473	13,748	32	241,808

CONSOLIDATED RESERVES AND RESERVE FUNDS
LAST SIX FISCAL YEARS

DOLLARS IN THOUSANDS

Year	Reserves	Reserve Funds	Total	Total As Percentage of Taxation	Total As Percentage of Consolidated Current Expenditures
1979	\$11,566	\$ 1,247	\$12,813	3.1	1.4
1980	23,333	7,841	31,174	6.9	3.0
1981	31,337	16,581	47,918	9.6	4.1
1982	80,017	11,346	91,363	16.6	6.7
1983	45,373	14,131	59,504	9.7	3.9
1984	70,376	16,682	87,058	13.0	5.3

Additional information on "Reserves and Reserve Funds" is contained on page 31 of this Report.

SUMMARY OF TOTAL DEBENTURE DEBT MATURITIES OF THE
METROPOLITAN CORPORATION AND AREA MUNICIPALITIES
AS AT DECEMBER 31, 1984

DOLLARS IN THOUSANDS

	Metropolitan Corporation Direct Debt				Debt of Area Municipalities Assumed by Metropolitan Corporation		Total Debt of Metropolitan Corporation and the Area Municipalities	
	Instalment		Sinking Fund		Can.	U.S.	Can.	U.S.
	Can.	U.S.	Can.	U.S.				
1985	\$41,434	\$6,643	\$ 77,521		\$84		\$119,039	\$ 6,643
1986	42,071	6,997	61,598	\$ 73,513	92		103,761	80,510
1987	39,319	6,585	76,207	33,405	66		115,592	39,990
1988	34,893	6,382	30,483	107	66		65,442	6,489
1989	30,581	6,734	24,981	340	74		55,636	7,074
1990	24,631	5,161	25,076	344	82		49,789	5,505
1991	23,133	5,400	28,419	50,000	91		51,643	55,400
1992	20,970	4,644	39,057		99		60,126	4,644
1993	17,246	4,685	125,479				142,725	4,685
1994	14,811	4,857	125,721				140,532	4,857
1995	11,958	5,044	35,588				47,546	5,044
1996	8,869	5,254	15,939	125,000			24,808	130,254
1997	6,445	5,205	16,049	55,000			22,494	60,205
1998	5,397	2,420	33,576				38,973	2,420
1999	3,513	2,656	22,675		66		26,254	2,656
2000	2,402						2,402	
2001	204						204	
2002	52						52	
2003	58						58	
2004	63						63	
2005	70						70	
2006	76						76	
2007	84						84	
Total	\$328,280	\$78,667	\$738,369	\$337,709	\$720		\$1,067,369	\$416,376

DEBENTURES ISSUED IN 1984
EURO-CANADIAN ISSUE 10 YEAR SINKING FUND, 13%
PAYABLE IN CANADIAN DOLLARS

DOLLARS IN THOUSANDS

Metropolitan Corporation

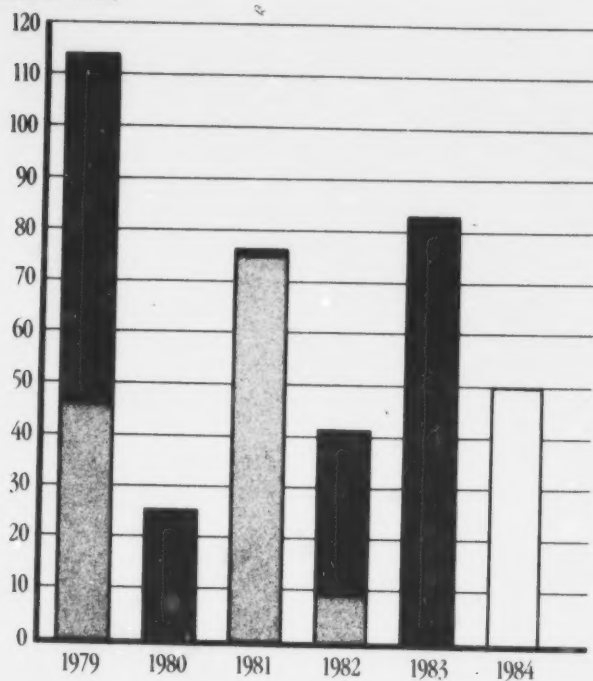
Canadian National Exhibition	\$ 2,988
Elderly Persons Housing	31
Libraries	810
Parks	282
Zoo	461
Police	2,768
Refuse Disposal	6,254
Water Pollution Control	5,023
	18,617

Area Municipalities

East York	2,704
Etobicoke	4,843
North York	5,921
Scarborough	1,281
Toronto	13,842
York	2,792
	31,383
	\$50,000

DEBENTURES ISSUED BY LENDER 1979-1984

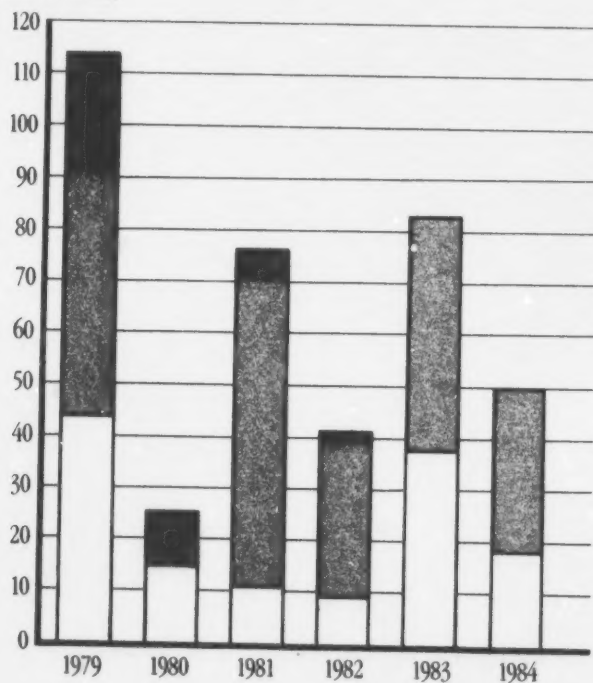
(dollars in millions)



- Canada Mortgage and Housing Corporation
- Ontario Education Capital Aid Corporation
- Public - Domestic issue - Canadian Funds
- Public - U.S. Funds
- Public - Euro issue - Canadian Funds

DEBENTURES ISSUED BY PURPOSE 1979-1984

(dollars in millions)



- Metropolitan Toronto School Board
- Metropolitan Waterworks System
- Area Municipalities
- Metropolitan Corporation

Debenture Debt issued in U.S. Funds has been translated at rates of exchange prevailing at the time the debt was incurred.

TOTAL DEBENTURE DEBT OF THE METROPOLITAN TORONTO AREA

DOLLARS IN THOUSANDS

	Outstanding as at December 31, 1984
Area Municipalities' debentures assumed by Metropolitan Corporation	\$ 720
Metropolitan Corporation debentures	1,504,710
Total debenture debt of the Metropolitan Toronto Area	\$1,505,430

Made up as follows:

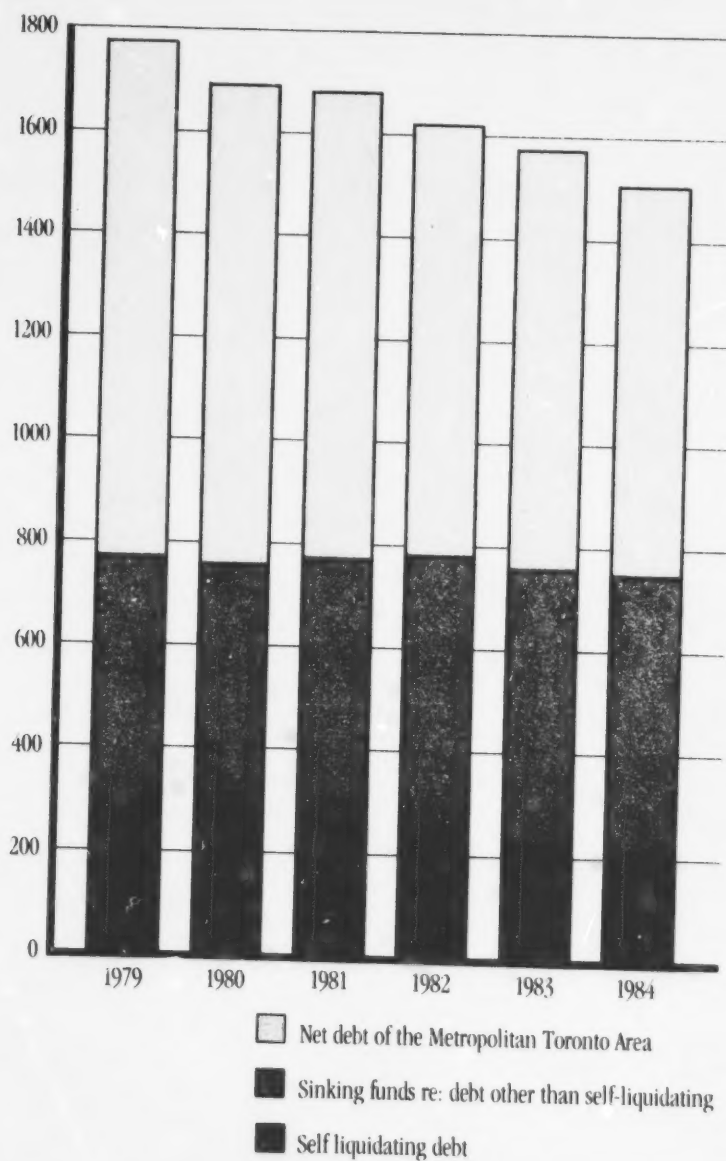
Debenture debt assumed by Province of Ontario (in respect of Administration of Justice)	\$ 13,444
Debenture debt recovered from municipal enterprises	
Toronto Transit Commission	\$ 37,640
Waterworks	176,679
Hydro-Electric Systems	15,011
	229,330
Total — self-liquidating debt	242,774
Sinking funds re: Debt other than self-liquidating	516,118
Net debt of the Metropolitan Toronto Area	746,538
Total debenture debt of the Metropolitan Toronto Area	\$1,505,430

Payable in:	Metropolitan Corporation Debentures	Area Municipality Debentures	Total
Canada	\$ 1,066,649	\$ 720	\$ 1,067,369
United States	438,061		438,061
Total debenture debt of the Metropolitan Toronto Area	\$1,504,710	\$ 720	\$1,505,430

Debenture debt issued in U.S. funds has been translated at rates of exchange prevailing at the time the debt was incurred.

TOTAL DEBENTURE DEBT OF THE METROPOLITAN TORONTO AREA

(dollars in millions)

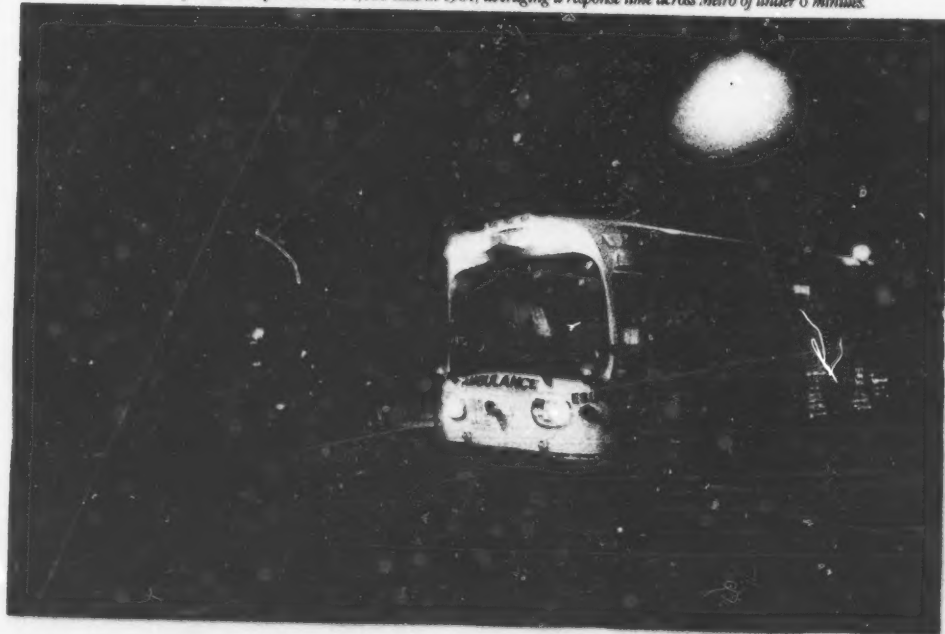


Debenture Debt issued in U.S. Funds has been translated at rates of exchange prevailing at the time the debt was incurred.



The motto of the Metropolitan Police is "Prudence, Fortitude, and Justice" and, together with a slogan of "To Serve and Protect", reflects the philosophy of the Police Commission in carrying out its statutory responsibilities.

The Metro Ambulance Department responded to 274,000 calls in 1984, averaging a response time across Metro of under 6 minutes.





For Metro's young and not so young — a network of community services enhancing the individual's quality of life and ability to cope.



Supplementary Financial Statements

Metropolitan Toronto Trust Funds

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1

Allan G. Andrews, C.A., *Metropolitan Auditor*

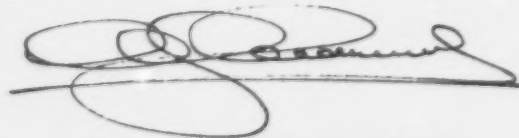
April 19, 1985

AUDITOR'S REPORT

**The Chairman and Members of the
Metropolitan Council of the
Municipality of Metropolitan Toronto**

I have examined the balance sheet of the trust funds of the Municipality of Metropolitan Toronto as at December 31, 1984 and the trust funds statement of continuity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the trust funds of the Municipality as at December 31, 1984 and the continuity of trust funds for the year then ended in accordance with generally accepted accounting principles for Ontario municipalities applied on a basis consistent with that of the preceding year.

A handwritten signature in dark ink, appearing to read 'Allan G. Andrews', with a long horizontal line extending to the right.

METROPOLITAN AUDITOR

METROPOLITAN TORONTO TRUST FUNDS

STATEMENT OF CONTINUITY YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS	
	1984	1983
Balance, beginning of year	\$16,604	\$16,157
Capital receipts		
Cash or collateral received	9,393	8,499
Increase/(Decrease) in value of investments	(562)	21
Interest earned	1,850	1,606
	10,681	10,126
Expenditures		
Payments — to or on behalf of Metropolitan Treasurer	2,124	1,866
— to Provincial Courts	2,519	2,966
— to or on behalf of area municipalities	296	763
— to or on behalf of residents	3,135	2,715
— to sundry persons	888	1,369
	8,962	9,679
Balance, end of year	\$18,323	\$16,604
see accompanying notes		

BALANCE SHEET YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS	
	1984	1983
Assets		
Cash	\$ 794	\$ 1,750
Investments (note 1)		
— Canada	2,226	614
— Provincial		296
— Other	14,544	13,532
	16,770	14,442
Accounts receivable	131	38
Interest receivable on investments	186	148
Due from Metropolitan Toronto	635	525
	952	711
	\$18,516	\$16,903
Liabilities		
Accounts payable (note 2)	73	295
Due to Metropolitan Toronto	120	4
Balance — Capital	18,323	16,604
	\$18,516	\$16,903
see accompanying notes		

METROPOLITAN TORONTO TRUST FUNDS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1984

1. INVESTMENTS

Investments (other than Homes for the Aged Residents' Trust Fund investments) have been recorded at cost price, adjusted annually for amortization of discount on the basis of the effective annual yield as determined at the date of purchase.

The Homes for the Aged Residents' Trust Fund investments are recorded at market value; a total nominal value of \$1 has been placed on unlisted stocks.

2. CONTINGENT LIABILITIES

In addition to paid claims, there is an estimated liability for unsettled claims (including a sum of \$150,000 for unreported 1984 accidents) in the sum of \$1,558,000. The disposition of these items is still under negotiation at this time and provision therefor has not been made in the fund balance of \$1,660,000 as at December 31, 1984.

Metropolitan Toronto Sinking Funds

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1

Allan G. Andrews, C.A., *Metropolitan Auditor*

February 21, 1985

AUDITOR'S REPORT

**To the Chairman and Members of
The Metropolitan Toronto Sinking Fund Committee**

I have examined the balance sheet of The Metropolitan Toronto Sinking Funds as at December 31, 1984, and the statements of funds available and required for debenture debt redemption and statements of surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Sinking Funds as at December 31, 1984 and the results of their operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



METROPOLITAN AUDITOR

METROPOLITAN TORONTO SINKING FUNDS

BALANCE SHEET

YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

ASSETS	Canadian Fund		U.S. Fund	
	1984	1983	1984	1983
Current assets				
Cash	\$ 172	\$ 150	\$ 69	\$ 93
Temporary investments	47,446	44,728	11,400	6,300
Accrued interest	10,941	10,615	3,948	3,151
	58,559	55,493	15,417	9,544
Long term investments (note 2)	450,124	482,030	160,079	132,604
	\$508,683	\$537,523	\$175,496	\$142,148
LIABILITIES				
Current liabilities				
Accounts payable				
Contributors	\$ 30,368	\$ 30,760	\$ 865	\$ 914
Others	5			
	30,373	30,760	865	914
Actuarial requirements and surplus				
Actuarial requirements	375,649	399,416	143,322	118,129
Surplus:				
Reserve for abatement of future levies	63,483	65,806	16,735	7,144
Unappropriated surplus	39,178	41,541	14,574	15,961
	102,661	107,347	31,309	23,105
Total actuarial requirements and surplus (note 3)	478,310	506,763	174,631	141,234
	\$508,683	\$537,523	\$175,496	\$142,148

see accompanying notes

METROPOLITAN TORONTO SINKING FUNDS

STATEMENTS OF FUNDS AVAILABLE AND REQUIRED FOR DEBENTURE DEBT REDEMPTION
YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS			
	Canadian Fund		U.S. Fund	
	1984	1983	1984	1983
Funds available				
From reserve for abatement of future levies	\$15,369	\$16,236	\$ 2,167	\$ 1,206
From current year's receipts:				
Contributions	19,601	16,535	16,865	17,860
Investment income	52,979	54,241	17,539	13,962
	87,949	87,012	36,571	33,028
Funds required				
Provision for actuarial requirement for current year	46,898	45,287	25,335	24,206
Excess of funds available over funds required	\$41,051	\$41,725	\$11,236	\$ 8,822
see accompanying notes				

STATEMENTS OF SURPLUS
YEAR ENDED DECEMBER 31, 1984

FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1994			DOLLARS IN THOUSANDS	
		1984		1983
	Unappropriated	Reserve for Abatement of Future Levies	Total	Total
CANADIAN FUND				
Balance, beginning of year	\$ 41,541	\$ 65,806	\$ 107,347	\$112,618
Funds used to reduce contributions for current year (note 1(e))		(15,369)	(15,369)	(16,236)
Excess of funds available over funds required for current year	41,051		41,051	41,725
	41,051	(15,369)	25,682	25,489
Refunds to contributors	(30,368)		(30,368)	(30,760)
Appropriation to reserve for abatement of future levies (note 1(e))	(13,046)	13,046		
Balance, end of year	\$ 39,178	\$ 63,483	\$102,661	\$107,347
U.S. FUND				
Balance, beginning of year	\$ 15,961	\$ 7,144	\$ 23,105	\$ 16,403
Funds used to reduce contributions for current year (note 1(e))		(2,167)	(2,167)	(1,206)
Excess of funds available over funds required for current year	11,236		11,236	8,822
	11,236	(2,167)	9,069	7,616
Refunds to contributors	(865)		(865)	(914)
Appropriation to reserve for abatement of future levies (note 1(e))	(11,758)	11,758		
Balance, end of year	\$ 14,574	\$ 16,735	\$ 31,309	\$ 23,105

see accompanying notes

METROPOLITAN TORONTO SINKING FUNDS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1984

1. ACCOUNTING POLICIES

(a) General

The Sinking Fund Committee maintains separate financial records for the Canadian dollar and U.S. dollar Funds. Separate records are also maintained for the portions of these Funds subject to differing actuarial rates in the computation of earnings in order to ensure an equitable distribution of total earnings amongst the various contributors to the Funds. Transfers of investments between these individual portions of the Funds, which are authorized from time to time by the Committee to provide for cash flow obligations, are treated as sales and purchases respectively. Accordingly, the financial statements of each Fund reflect the combined financial operations of each of its portions.

(b) Foreign currencies

The Sinking Fund Committee receives annual levies for the U.S. Fund in U.S. dollars and it is the policy of the Committee to invest such amounts in securities payable in U.S. dollars to meet the par value of sinking fund debentures payable in U.S. dollars. The figures on the financial statements shown for the Canadian Fund and the U.S. Fund are expressed in Canadian and U.S. dollars respectively.

(c) Investments

All investments, other than temporary investments, are purchased with the intention of holding them until maturity and are recorded at cost price adjusted annually for amortization of discount or premium on the basis of the effective annual yield as determined at the date of purchase.

(d) Actuarial requirements

Actuarial requirements of the sinking fund provisions for debentures of the Metropolitan Corporation represent the amounts required which, together with interest compounded annually, will be sufficient to retire the related debentures at maturity. Such amounts were based on a rate of 3% per annum on debt issued prior to January 1, 1976 and 5% per annum on debt issued after that date, with a rate not exceeding 8% to be effective on debt issued subsequent to February 23, 1983.

(e) Earnings, surplus and reserve for abatement of future levies

To the extent that earnings of the Funds are in excess of the amounts required to meet actuarial requirements for retirements in any year, they are transferred to surplus. When funds accumulated in surplus in this manner for debentures issued under any specific by-law exceed the actuarial requirements at that date for that by-law, such excess funds may be appropriated to the reserve for abatement of future levies and used to reduce the required contributions in current and future years, subject to prior approval by the Ontario Municipal Board.

In the current year, \$13,046,000 in the Canadian Fund and \$11,758,000 in the U.S. Fund have been appropriated in this manner, and \$15,369,000 in the Canadian Fund and \$2,167,000 in the U.S. Fund have been used from the reserve to reduce contribution requirements.

(f) Accounts payable — refunds to contributors

Where amounts have accumulated in sinking fund accounts, relating to specific debenture by-laws, which are more than sufficient to redeem the principal amounts of the related debentures, then any excess funds may be either refunded to contributors or used to increase the amounts at the credit of other sinking fund accounts of the same contributors.

It has been the practice of the Sinking Fund Committee to refund such excess amounts to the contributors with the recommendation that the excess amounts be used to defray the cost of other capital expenditures in lieu of the issue of debentures therefor.

2. LONG TERM INVESTMENTS AT AMORTIZED COST

These consist of the following:

	DOLLARS IN THOUSANDS			
	Canadian Fund		U.S. Fund	
	1984	1983	1984	1983
Debentures issued or guaranteed by:				
Government of Canada	\$ 49,040	\$ 47,164	\$ 18,604	\$ 14,433
Province of Ontario	23,581	25,698	21,185	17,079
Other provinces	28,439	21,757	24,101	22,881
Municipality of Metropolitan Toronto	276,946	316,749	90,018	74,039
Other municipalities	71,267	69,960	6,171	4,172
School boards	851	702		
	\$450,124	\$482,030	\$160,079	\$132,604
Par value	\$480,250	\$514,919	\$171,553	\$141,348
Market value	\$448,203	\$472,136	\$159,961	\$129,705

3. TOTAL ACTUARIAL REQUIREMENTS AND SURPLUS

Component parts of the total actuarial requirements and surplus are detailed below:

3% Portion	DOLLARS IN THOUSANDS			
	Canadian Fund		U.S. Fund	
	1984	1983	1984	1983
Metropolitan purposes:				
General	\$218,515	\$225,307		
Schools:				
Public	7,873	24,128		
Secondary	16,783	29,207		
	24,656	53,335		
Public utilities:				
Waterworks	73,929	77,116	\$ 5,403	\$ 5,403
Toronto Transit Commission	14,367	12,869	2,599	2,599
	88,296	89,985	8,002	8,002
Total Metropolitan purposes	331,467	368,627	8,002	8,002
Area municipality purposes	90,772	101,312	1,832	1,974
Province of Ontario purposes	12,151	11,128		
	\$434,390	\$481,067	\$ 9,834	\$ 9,976

5% Portion

Metropolitan purposes:

General	\$ 15,375	\$ 10,692	\$ 54,640	\$ 44,318
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Public utilities:

Waterworks	2,725	1,932	18,353	14,845
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Total Metropolitan purposes	18,100	12,624	72,993	59,163
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Area municipality purposes	20,378	13,072	91,804	72,095
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	\$ 38,478	\$ 25,696	\$164,797	\$131,258
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8% Portion

Metropolitan purposes:

General	\$ 2,685
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Area municipality purposes	2,757
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	\$ 5,442
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METROPOLITAN TORONTO SINKING FUNDS

FIVE YEAR PROJECTION OF DEBENTURE MATURITIES

DECEMBER 31, 1984

DOLLARS IN THOUSANDS

	Canadian Fund	U.S. Fund
1984	\$70,665*	\$ 142*
1985	77,521	
1986	61,598	73,513
1987	76,207	33,405
1988	30,483	107
1989	24,981	340

*The actual maturities are shown for 1984.

Metropolitan Toronto Pension Fund

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1

Allan G. Andrews, C.A., *Metropolitan Auditor*

June 25, 1985

AUDITOR'S REPORT

**To the Members of the Board of Trustees
The Municipality of Metropolitan Toronto Pension Fund**

I have examined the balance sheet of The Municipality of Metropolitan Toronto Pension Fund as at December 31, 1984 and the statement of revenue, expenditure and accumulated pension fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



METROPOLITAN AUDITOR

MUNICIPALITY OF METROPOLITAN TORONTO PENSION FUND
BALANCE SHEET
YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS	
ASSETS	1984	1983
Investments (note 2)	\$327,731	\$289,503
Interest receivable	2,992	2,945
Accounts receivable	394	512
Contributions receivable	884	1,257
Short term investments	2,449	5,362
Deferred charges	12	
Cash	177	204
	\$334,639	\$299,783
LIABILITIES		
Accounts and benefits payable	\$ 1,137	\$ 441
Accumulated pension fund	333,502	299,342
	\$334,639	\$299,783

see accompanying notes

STATEMENT OF REVENUE, EXPENDITURE
AND ACCUMULATED PENSION FUND
YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS	
	1984	1983
Revenue		
Contributions		
Members	\$ 4,853	\$ 4,807
Employers, current service	4,832	4,777
Employers, past service (note 3)	8,020	9,073
	17,705	18,657
Investment income (note 2)	27,774	31,674
	45,479	50,331
Expenditure		
Pensions and other benefits	10,418	8,473
Accumulated contributions refunded or transferred to other pension plans	206	165
Actuarial fees	69	63
Investment management fees	592	459
Investment consulting fees	12	19
Other expenses	22	10
	11,319	9,189
Excess of revenue over expenditure	34,160	41,142
Accumulated pension fund, beginning of year	299,342	258,200
Accumulated pension fund, end of year	\$333,502	\$299,342

see accompanying notes

MUNICIPALITY OF METROPOLITAN TORONTO PENSION FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1984

1. ACCOUNTING POLICIES

(a) Investments

Investments in internally managed bonds and debentures are carried at cost adjusted by amortization of the premium or discount on purchase over the term of the issue.

Investments in externally managed bond and equity funds are carried at cost plus accumulated earnings. Premiums and discounts are not amortized. On redemption or sale, any premium or discount is included in the gain or loss on sale of investments.

Investments in mortgage funds are carried at cost.

The investment in the real estate fund is carried at cost less accumulated depreciation. Depreciation on the rental building and capital improvements is provided on the sinking fund method in annual amounts increasing at the rate of 6% compounded annually which is sufficient to fully depreciate the building over its estimated useful life of 40 years.

(b) Gains and losses on investments

Gains and losses on investments are recorded only upon sale of such investments and are determined on an average cost basis.

(c) Income recognition

Income on investments is recorded on the accrual basis with dividends being recorded on the dividend record date.

(d) Foreign currencies

Investments purchased or sold in foreign currencies are translated into Canadian dollars using exchange rates prevailing at the date of acquisition or sale. Dividends and interest received on foreign currency securities are translated using the exchange rate prevailing at the date of receipt. Accrued investment income and market values of investments are translated using year-end exchange rates.

2. INVESTMENTS AND INVESTMENT INCOME

(a) Investments consist of the following:

	DOLLARS IN THOUSANDS	
	1984	1983
Internally managed bonds and debentures	\$ 96,463	\$102,209
Market value — \$85,604,000 (1983 — \$88,370,000)		
Net assets of externally managed investment funds		
Bond funds	82,470	(9,910)
Market value — \$83,627,000 (1983 — \$69,504,000)		
Equity funds	118,015	94,760
Market value — \$137,633,000 (1983 — \$115,896,000)		
Mortgage funds	28,827	20,660
Real estate fund	1,956	1,964
	\$327,731	\$289,503

(b) Investment income for the year:

DOLLARS IN THOUSANDS

	1984	1983
Internally managed bond and debenture income	\$ 9,200	\$ 11,329
Externally managed fund income		
Bond funds	7,267	8,707
Equity funds	7,485	8,379
Mortgage funds	3,099	2,509
Real estate fund	117	45
Interest on short term deposits	606	707
	\$ 27,774	\$ 31,674

The assets of the externally managed bond and equity funds are held by a trust company under the terms of a custodial agreement. The funds are managed by certain investment managers under separate management agreements. Net income is retained by each of the managed bond and equity funds for reinvestment by the respective fund managers.

The assets of the externally managed mortgage and real estate funds are held and managed by investment managers under separate management agreements.

3. ACTUARIAL VALUATION

The financial statements show only the financial position of the Fund and do not purport to show the adequacy of the Fund to meet obligations for payment of pensions and death benefits to members.

The most recent actuarial valuation of the fund as at December 31, 1983 indicated that the present value of the unfunded liability of the Pension Fund was \$60,965,000 (1982 — \$66,362,000). The unfunded liability will be paid to the fund by the Municipality of Metropolitan Toronto and the other participating employers as follows:

1985 to 1988	\$7,943,000 per year
1989	7,902,000
1990 to 1992	7,871,000 per year
1993	675,000
1994	664,000
1995	656,000

4. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not give significant additional disclosure. Funds generated were equal to the excess of revenue over expenditure and were applied as follows:

DOLLARS IN THOUSANDS

	1984	1983
Investments	\$38,228	\$55,749
(Decrease) in other assets and liabilities	(4,068)	(14,607)
	\$34,160	\$41,142

Metropolitan Toronto Police Benefit Fund

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1

Allan G. Andrews, C.A., *Metropolitan Auditor*

June 25, 1985

AUDITOR'S REPORT

**To the Members of the Board of Trustees
The Metropolitan Toronto Police Benefit Fund**

I have examined the balance sheet of The Metropolitan Toronto Police Benefit Fund as at December 31, 1984 and the statement of revenue, expenditure and accumulated benefit fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



METROPOLITAN AUDITOR

METROPOLITAN TORONTO POLICE BENEFIT FUND
BALANCE SHEET
YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS	
	1984	1983
ASSETS		
Investments (note 2)	\$293,011	\$244,901
Interest receivable	2,337	2,486
Accounts receivable	319	473
Short term investments	7,448	19,878
Deferred charges	12	
Cash	380	28
	\$303,507	\$267,766
LIABILITIES		
Accounts and benefits payable	\$ 52	\$ 45
Accumulated benefit fund	303,455	267,721
	\$303,507	\$267,766

see accompanying notes

STATEMENT OF REVENUE, EXPENDITURE
AND ACCUMULATED BENEFIT FUND
YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS	
	1984	1983
Revenue		
Contributions		
Members	\$ 5,521	\$ 5,578
Employer, current service	5,123	5,396
Employer, past service (note 3)	7,912	8,508
	18,556	19,482
Investment income (note 2)	29,619	29,740
	48,175	49,222
Expenditure		
Pensions and other benefits	11,611	9,801
Accumulated contributions refunded or transferred to other pension plans	152	54
Actuarial fees	55	47
Investment management fees	599	451
Investment consulting fees	11	19
Other expenses	13	9
	12,441	10,381
Excess of revenue over expenditure	35,734	38,841
Accumulated benefit fund, beginning of year	267,721	228,880
Accumulated benefit fund, end of year	\$303,455	\$267,721

see accompanying notes

METROPOLITAN TORONTO POLICE BENEFIT FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1984

1. ACCOUNTING POLICIES

(a) Investments

Investments in internally managed bonds and debentures are carried at cost adjusted by amortization of the premium or discount on purchase over the term of the issue.

Investments in externally managed bond and balanced funds are carried at cost plus accumulated earnings. Premiums and discounts are not amortized. On redemption or sale, any premium or discount is included in the gain or loss on sale of investments.

Investments in mortgage funds are carried at cost.

The investment in the real estate fund is carried at cost less accumulated depreciation. Depreciation on the rental building and capital improvements is provided on the sinking fund method in annual amounts increasing at the rate of 6% compounded annually which is sufficient to fully depreciate the building over its estimated useful life of 40 years.

(b) Gains and losses on investments

Gains and losses on investments are recorded only upon sale of such investments and are determined on an average cost basis.

(c) Income recognition

Income on investments is recorded on the accrual basis with dividends being recorded on the dividend record date.

(d) Foreign currencies

Investments purchased or sold in foreign currencies are translated into Canadian dollars using exchange rates prevailing at the date of acquisition or sale. Dividends and interest received on foreign currency securities are translated using the exchange rate prevailing on the date of receipt. Accrued investment income and market values of investments are translated using year-end exchange rates.

2. INVESTMENTS AND INVESTMENT INCOME

(a) Investments consist of the following:

	DOLLARS IN THOUSANDS	
	1984	1983
Internally managed bonds and debentures	\$ 67,564	\$ 72,119
Market value — \$59,393,000 (1983 — \$61,815,000)		
Net assets of externally managed investment funds		
Bond funds	49,000	57,976
Market value — \$49,245,000 (1983 — \$58,329,000)		
Balanced funds	145,152	91,099
Market value — \$160,901,000 (1983 — \$107,968,000)		
Mortgage funds	29,339	21,743
Real estate fund	1,956	1,964
	\$293,011	\$244,901

(b) Investment income for the year:

DOLLARS IN THOUSANDS		
	1984	1983
Internally managed bond and debenture income	\$ 6,238	\$ 6,884
Externally managed fund income		
Bond funds	4,125	7,905
Balanced funds	14,334	10,598
Mortgage funds	3,280	2,831
Real estate fund	117	43
Interest on short term deposits	1,525	1,389
	\$ 29,619	\$ 29,740

The assets of the externally managed bond and balanced funds are held by a trust company under the terms of a custodial agreement. The funds are managed by certain investment managers under separate management agreements. Net income is retained by each of the managed bond and balanced funds for reinvestment by the respective fund managers.

The assets of the externally managed mortgage and real estate funds are held and managed by investment managers under separate management agreements.

3. ACTUARIAL VALUATION

The financial statements show only the financial position of the Fund and do not purport to show the adequacy of the Fund to meet obligations for payment of pensions and death benefits to members.

The most recent actuarial valuation of the Fund as at December 31, 1983 indicated that the present value of the unfunded liability of the Benefit Fund was \$63,788,000 (1982 — \$67,842,000). This unfunded liability will be paid to the Fund by the Municipality of Metropolitan Toronto as follows:

1985 to 1992	\$7,865,000 per year
1993 to 1994	6,153,800 per year

4. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not give significant additional disclosure. Funds generated were equal to the excess of revenue over expenditure and were applied as follows:

DOLLARS IN THOUSANDS		
	1984	1983
Investments	\$48,110	\$26,603
Increase (decrease) in other assets and liabilities	(12,376)	12,238
	\$35,734	\$38,841

Metropolitan Toronto Board of Commissioners of
Police Supplemental Pension Benefits Trust Fund

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1

Allan G. Andrews, C.A., *Metropolitan Auditor*

May 8, 1985

AUDITOR'S REPORT

**To the Members of the Board of Trustees
The Metropolitan Toronto Police Benefit Fund**

I have examined the balance sheet of the Supplemental Pension Benefits Trust Fund of the Metropolitan Toronto Board of Commissioners of Police as at December 31, 1984 and the statement of revenue, expenditure and accumulated trust fund for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



METROPOLITAN AUDITOR

METROPOLITAN TORONTO BOARD OF COMMISSIONERS OF POLICE
SUPPLEMENTAL PENSION BENEFITS TRUST FUND

BALANCE SHEET

YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

ASSETS	1984	1983
Short-term investments, at cost which approximates market	\$152,625	\$154,000
Accrued interest	6,580	2,133
Cash	1,440	837
	\$160,645	\$156,970
LIABILITIES		
Benefits payable	\$ 2,124	
Accumulated trust fund	158,521	\$156,970
	\$160,645	\$156,970

see accompanying notes

STATEMENT OF REVENUE, EXPENDITURE AND
ACCUMULATED TRUST FUND

YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

	1984	1983
Revenue		
Interest income	\$ 17,283	\$ 14,561
Expenditure		
Pensions	15,719	13,219
Other expenses	13	17
	15,732	13,236
Excess of revenue over expenditure	1,551	1,325
Accumulated trust fund, beginning of year	156,970	155,645
Accumulated trust fund, end of year	\$158,521	\$156,970

see accompanying notes

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1984

1. The Supplemental Pension Benefits Trust Fund was established by the Board of Commissioners of Police to provide a fund for the benefit of spouses or dependent children of members of the police force who die as a result of injuries received in the performance of their duties.
2. The Trust Fund is administered by the Board of Trustees of the Metropolitan Toronto Police Benefit Fund. Payments from the Trust Fund are governed by criteria formulated by the Trustees.
3. These financial statements show only the financial position of the Trust Fund and do not purport to show the adequacy of the Trust Fund to make the payments which may be required from time to time in accordance with the criteria established by the Trustees.

Metropolitan Toronto Housing Co. Ltd.

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1

Allan G. Andrews, C.A., *Metropolitan Auditor*

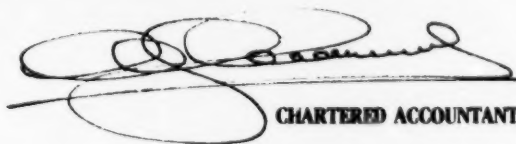
May 22, 1985

AUDITOR'S REPORT

To the Shareholder
The Metropolitan Toronto Housing Company Limited

I have examined the balance sheet of the Metropolitan Toronto Housing Company Limited as at December 31, 1984 and the statements of revenue, expenditure and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted for Ontario municipalities applied on a basis consistent with that of the preceding year.



CHARTERED ACCOUNTANT

METROPOLITAN TORONTO HOUSING COMPANY LIMITED
BALANCE SHEET
YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

ASSETS	1984	1983
Current assets		
Cash	\$ 2,150	\$ 3,438
Investments — special funds (note 3)	628	363
Accounts receivable	24,746	23,062
Inventory	19	35
Prepaid expenses	1	1
	27,544	26,899
Housing projects (note 4)	337,471	318,636
Organizational expenses	1	1
	\$365,016	\$345,536
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable	\$ 27,375	\$ 26,468
Rents received in advance	157	151
Special funds (note 3)	628	363
	28,160	26,982
Project financing (note 5)	336,840	318,610
Deferred financing (note 6)	27	
Shareholder's equity (note 2)		
Capital stock		
Authorized — 10,000 common shares of \$1 par value		
Issued — 701 shares	1	1
Deficit	(12)	(57)
	(11)	(56)
	\$365,016	\$345,536

see accompanying notes

METROPOLITAN TORONTO HOUSING COMPANY LIMITED

STATEMENT OF REVENUE, EXPENDITURE AND DEFICIT
YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

	1984	1983
Revenue		
Rents		
Residential	\$ 40,005	\$ 33,537
Commercial	749	624
Tenants' board	367	403
Federal interest reduction grants	5,021	1,850
Provincial rental reduction grants	232	223
Other	631	409
	47,005	37,046
Expenditure		
Mortgage and loan interest	31,289	24,679
Operating and maintenance	25,134	22,534
Municipal taxes	11,555	9,563
Administrative and other	3,832	2,964
Depreciation	861	836
Insurance	84	65
	72,755	60,641
Loss before subsidies	(25,750)	(23,595)
Operating subsidies		
Canada Mortgage and Housing Corporation	12,533	11,681
Province of Ontario	13,086	11,867
Municipality of Metropolitan Toronto	176	197
Net profit for year	45	150
Deficit at the beginning of year	(57)	(207)
Deficit at the end of year	\$ (12)	\$ (57)

see accompanying notes

METROPOLITAN TORONTO HOUSING COMPANY LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS	
	1984	1983
Source of funds		
Net profit for year	\$ 45	\$ 150
Add: Depreciation, a non-cash expense	861	836
	906	986
Increase in project financing	18,230	43,281
Deferred financing	27	
	19,163	44,267
Application of funds		
Expenditures on housing projects	19,696	43,987
Increase (decrease) in working capital	(533)	280
Working capital deficiency at beginning of year	(83)	(363)
Working capital deficiency at end of the year	\$ (616)	\$ (83)

see accompanying notes

METROPOLITAN TORONTO HOUSING COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1984

1. COMPANY'S STATUS

The Company is a non-profit organization incorporated under the laws of Ontario and is wholly-owned by the Municipality of Metropolitan Toronto. The Company is engaged in the construction and operation of subsidized senior citizen and family housing in the Metropolitan Toronto area. The operations of the Company are staffed by employees of the Metropolitan Corporation and the Company pays to the Corporation the employee costs when billed.

2. ACCOUNTING POLICIES

(a) Housing Projects

Housing projects are valued at cost, less capital contributions from government and other sources and accumulated depreciation. Costs include the original cost of acquisition of land and buildings and other related costs, the cost of improvements necessary to renovate and rehabilitate buildings, where applicable, and net operating expenses of each project up to the completion date for mortgage adjustment purposes.

Government sources provide financing or guarantee financing from private lenders. In order to comply with municipal accounting policy, the charge for depreciation is equal to the annual principal repayment on the outstanding mortgages. The depreciation charge for the year is reduced by the amortization of deferred financing as explained in note 6.

With minor exceptions, the financing agreements between the Company and the Municipality of Metropolitan Toronto provide that the title to the land, buildings and equipment of each project will be transferred to the Metropolitan Corporation for the sum of \$1.00 at the time the Canada Mortgage and Housing Corporation or other mortgage financing for the project is repaid.

(b) Inventory

Inventory is valued at cost on a first in, first out basis.

3. INVESTMENTS — SPECIAL FUNDS

These special funds are invested mainly in short term deposit certificates and held for special purposes. These amounts are not available for operating expenditures of the Company. Expenditures of such funds are charged against the applicable fund balance.

The balances of the special funds are as follows:

	DOLLARS IN THOUSANDS	
	1984	1983
Equipment replacement fund	\$ 596	\$ 338
Consolidated tenants' benefit fund	32	25
	\$ 628	\$ 363

Equipment replacement is provided for by periodic charges against operations in accordance with the terms of the operating agreements with Canada Mortgage and Housing Corporation and the Province of Ontario's Ministry of Municipal Affairs and Housing for those projects operated under Sections 15.1 and 44 (1) of the National Housing Act.

The consolidated tenants' benefit fund is used to segregate certain receipts of the Company which are retained for use for the benefit of tenants.

4. HOUSING PROJECTS

This consists of:

	DOLLARS IN THOUSANDS		
	January 1	Additions during the year	December 31
Land	\$ 42,280	\$ 1,786	\$ 44,066
Buildings	280,409	17,470	297,879
Equipment	6,246	461	6,707
	328,935	19,717	348,652
Net operating expense (revenue) prior to completion date	4,703	(21)	4,682
	333,638	19,696	353,334
Less:			
Grants from Federal Government	3,663		3,663
Grants from Province of Ontario	5,370		5,370
Grants from Atkinson Charitable Foundation	74		74
	9,107		9,107
	324,531	19,696	344,227
Less:			
Accumulated depreciation	5,895	861	6,756
	\$318,636	\$18,835	\$337,471

5. PROJECT FINANCING

This consists of:

	DOLLARS IN THOUSANDS		
	January 1	Additions (repayments) during the year	December 31
Loans payable to Municipality of Metropolitan Toronto			
Temporary	\$ 18,464	\$(12,964)	\$ 5,500
Long term	24,670	1,214	25,884
Mortgage loans payable to			
Canada Mortgage and Housing Corporation	198,369	67	198,436
Others	73,379	32,120	105,499
Payable to contractors and others	3,728	(2,207)	1,521
	\$318,610	\$ 18,230	\$336,840

Principal payments are due as follows:

DOLLARS IN THOUSANDS

	Municipality of Metropolitan Toronto	Canada Mortgage & Housing Corporation	Other	Total
1985	\$ 62	\$ 628	\$ 53	\$ 743
1986	68	691	169	928
1987	75	742	192	1,009
1988	81	796	219	1,096
1989	89	855	249	1,193
1990 to 2032	25,571	195,352	104,670	325,593
	25,946	199,064	105,552	330,562
Less current portion	62	628	53	743
	\$25,884	\$198,436	\$105,499	\$329,819
Range of interest rates (%)	3.5-16	3.5-11	10.7-17	
Average interest rates (%)	9	9	14	

Permanent long-term financing is arranged for each housing project at the commencement of construction. Temporary loans and amounts payable to contractors and others are classified as project financing and are excluded from current liabilities since these obligations will be repaid from funds advanced under the agreements for permanent financing.

The portion of long-term loans and mortgages due and payable within one year is included in current liabilities.

6. DEFERRED FINANCING

Deferred financing represents the net difference between the actual cost of projects and the proceeds received under the terms of individual financing arrangements, which allow for minor variations from actual costs. Such differences are amortized over the terms of the project financing.

7. OPERATING SUBSIDIES

Under the terms of agreements with Canada Mortgage and Housing Corporation and the Province of Ontario, the Company receives subsidies to recover its operating losses on all except three non-profit housing projects. In determining operating losses eligible for subsidy under these agreements, the costs of services which are not specifically related to the provision of housing are excluded. Losses in 1984 on the provision of food and cafeteria services in these three projects are recoverable from the Metropolitan Corporation. The operating profits from a commercial mall on one project and the losses on the non-profit projects mentioned above resulted in a net profit of \$45,000 for the year.

8. CONTRACTUAL OBLIGATIONS

The Company is obligated under the terms of operating leases to pay annual rentals of \$340,678 to 1986, \$25,006 to 1991 and \$24,506 to 2024.

As at December 31, 1984, the Company was contractually committed to make expenditures of \$12,178,000 for capital assets not yet acquired and not included in the financial statements.

9. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan of the Municipality of Metropolitan Toronto, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

In 1982, the Municipality established a corporate Sick Pay Reserve Fund to cover such sick leave payments to employees of the Municipality and any participating boards, agencies or commissions. The Company is a participant of this Plan. Over a twenty-year period, contributions to the Fund will discharge obligations and stabilize the financial impact of benefit payments.

10. RESIDENTIAL TENANCIES ACT

Under the Residential Tenancies Act enacted August 17, 1979, residential premises situated in a residential complex owned, operated or administered by a municipality or any agency thereof, were exempted from residential rent controls.

11. COMPARATIVE FIGURES

Certain of the 1983 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

Metropolitan Toronto School Board

March 29, 1985

AUDITOR'S REPORT

**To the Chairman and Members of
The Metropolitan Toronto School Board:**

We have examined the balance sheet of The Metropolitan Toronto School Board as at December 31, 1984, and the Revenue Fund Statements of Operations, the Statements of Revised Net Revenue Fund Requirement, the Capital Fund Statement of Operations and the Reserve Fund Statements of Continuity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1984 and the results of their operations for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Price Waterhouse
Chartered Accountants
Licence number 677

METROPOLITAN TORONTO SCHOOL BOARD

BALANCE SHEET

YEAR ENDED DECEMBER 31, 1984

	DOLLARS IN THOUSANDS	
ASSETS	1984	1983
Current assets		
Cash	\$ 7,551	\$ 1,292
Investments at cost	30,876	37,858
Accounts receivable		
Under-requisitions — (secondary)	1,376	
Other	45,235	57,514
Prepaid expense	32	31
	85,070	96,695
Capital outlay to be recovered in future years (Note 1b)	157,086	175,873
	\$242,156	\$272,568
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		
Over-requisitions — (elementary)	\$ 4,623	\$ 3,090
Over-requisitions — (secondary)		3,474
Other (Note 2)	56,212	56,150
	60,835	62,714
Deferred revenue	5,687	9,455
Net long-term liabilities (Note 1c, 3)	156,666	175,873
Equity in reserve funds	18,968	23,670
Unexpended capital funds		856
	\$242,156	\$272,568

see accompanying notes

METROPOLITAN TORONTO SCHOOL BOARD

REVENUE FUND STATEMENT OF OPERATIONS
FOR ELEMENTARY SCHOOL PURPOSES
YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

EXPENDITURE	1984	1983
Business administration	\$ 1,392	\$ 1,302
General administration	394	249
Computer services	254	170
Instruction	10,298	9,361
Plant operation and maintenance	1,638	1,353
Transportation	1,493	1,172
Tuition fees	18	15
Capital expenditure (non-allocable)	11,746	12,067
Debt charges and capital loan interest (Note 5)	21,603	22,626
Other operating expenditure	583,466	554,751
Non-operating expenditure excluding transfers to reserves	12,890	12,438
	645,192	615,504
Recovery of expenditure		
Other school boards — tuition fees and miscellaneous	3,431	3,047
Government of Ontario, miscellaneous	7	9
Other revenue, excluding transfers from reserves	6,682	9,705
	10,120	12,761
Net expenditure	\$635,072	\$602,743
FINANCING OF NET EXPENDITURE		
Government of Ontario		
General legislative grants	\$ 46,991	\$ 63,811
Local taxation		
Previous year's over (under) requisition	3,090	2,011
Local taxation raised in the current year	587,315	535,403
Decrease (increase) in reserves other than reserve for refund of taxes	2,299	4,608
	592,704	542,022
To be applied to the following year's taxation		
Net under (over) requisition	(4,623)	(3,090)
Total financing	\$635,072	\$602,743
see accompanying notes		

METROPOLITAN TORONTO SCHOOL BOARD

REVENUE FUND STATEMENT OF OPERATIONS
FOR SECONDARY SCHOOL PURPOSES
YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

EXPENDITURE	1984	1983
Business administration	\$ 954	\$ 801
General administration	472	300
Computer services	314	179
Instruction	148	80
Plant operation and maintenance	91	100
Transportation	33	35
Capital expenditure (non-allocable)	5,376	7,270
Debt charges and capital loan interest (Note 5)	13,183	13,757
Other operating expenditure	570,521	546,009
Non-operating expenditure excluding transfers to reserves	10,455	9,951
	601,547	578,482
Recovery of expenditure		
Other school boards — tuition fees and miscellaneous	5	
Other revenue, excluding transfers from reserves	5,062	13,814
	5,067	13,814
Net expenditure	\$596,480	\$564,668
FINANCING OF NET EXPENDITURE		
Government of Ontario		
General legislative grants	\$ 87,439	\$101,213
Local taxation		
Previous year's over (under) requisition	3,474	2,754
Local taxation raised in the current year	499,278	469,655
Refund of taxes for reason of employees' withdrawal of services or lockout		76
Decrease (increase) in reserves other than reserve for refund of taxes	4,913	(5,556)
	507,665	466,929
To be applied to the following year's taxation		
Net under (over) requisition	1,376	(3,474)
Total financing	\$596,480	\$564,668

see accompanying notes

METROPOLITAN TORONTO SCHOOL BOARD

CAPITAL FUND STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

CAPITAL EXPENDITURE	1984	1983
Fixed assets and work in progress		
Buildings, furniture and equipment	\$1,754	\$3,082
CAPITAL FINANCING		
Unexpended funds at beginning of year, or (balance at beginning of year not permanently financed)		
Elementary	\$ 518	\$ (379)
Secondary	338	(+)
Capital expenditure from the revenue fund	479	4,321
Balance at end of year not permanently financed or (unexpended funds at end of year)		
Elementary	352	(518)
Secondary	67	(558)
	\$1,754	\$3,082

see accompanying notes

RESERVE FUNDS, STATEMENT OF CONTINUITY
YEAR ENDED DECEMBER 31, 1984

DOLLARS IN THOUSANDS

Purpose for which the fund was established	Ministry Equity Capital	Board Equity Capital	From Expenditures to be made out of Current Fund for Permanent Improvements	Metro-wide Insurance	Total
FOR ELEMENTARY SCHOOL PURPOSES					
Balance at December 31, 1983	\$1,878	\$5,814	\$2,272	\$554	\$10,518
Total amount provided during 1984 from the Revenue Fund	433	2,647	5,831	65	8,976
Earnings on investments during 1984	186	572	350	54	1,162
	2,497	9,033	8,453	673	20,656
Transfers to the Revenue Fund in 1984		4,182	6,948	144	11,274
Balance at December 31, 1984	\$2,497	\$4,851	\$1,505	\$529	\$ 9,382
FOR SECONDARY SCHOOL PURPOSES					
Balance at December 31, 1983	\$5,283	\$4,518	\$2,903	\$447	\$13,151
Total amount provided during 1984 from the Revenue Fund	233	130		117	480
Earnings on investments during 1984	556	477	269	45	1,347
	6,072	5,125	3,172	609	14,978
Transfers to the Revenue Fund in 1984	582	1,416	3,033	361	5,392
Balance at December 31, 1984	\$5,490	\$3,709	\$ 139	\$248	\$ 9,586

see accompanying notes

METROPOLITAN TORONTO SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1984

1. ACCOUNTING PRINCIPLES

The financial statements have been prepared by the Board using accounting principles that are prescribed by the Ministry of Education and are considered appropriate for Ontario School Boards. These principles are in accordance with generally accepted accounting principles except as follows:

(a) Accrual accounting

Revenue and expenditure are accounted for on the accrual method except for:

- (i) No provision is made for interest on unmatured debenture debt from the date of payment to the end of the fiscal year.
- (ii) No provision is made to record the liability for retirement and/or sick leave benefits accruing over the working lives of employees.

(b) Fixed assets

Fixed assets are charged to current expenditure unless financed by long-term debt. Principal and interest charges on net long-term liabilities are included as expenditures in the period due. Fixed assets including Capital Leases, described as capital outlay to be recovered in future years, are included on the balance sheet only to the extent of the balances of the related net long-term liabilities outstanding and of the related temporary financing at the end of the fiscal year.

(c) Net long-term liabilities

Net long-term liabilities represent debenture debt issued by the Municipality of Metropolitan Toronto for school purposes and for which the School Board provides for amounts of principal and interest payable. Debentures are recorded as unmatured debenture debt in the year of sale.

(d) Reserve funds

Reserve Funds represent funds appropriated for specific purposes which are charged or credited to revenue fund operations in the year appropriated or drawn down, and proceeds from the rental and sale of school sites.

(e) Under/over requisition of taxes

The difference between the net expenditures of any year and the amounts received to finance these expenditures is carried forward to the subsequent year to either increase or reduce the net revenue requirement from ratepayers.

2. TRADE PAYABLES AND ACCRUED LIABILITIES

Accrued liabilities include an amount of \$110,000 to provide for the increase in elementary teachers' salaries for the period September 1 to December 31, 1984, in accordance with the Collective Agreement signed on February 28, 1985.

3. NET LONG-TERM LIABILITY REPAYMENTS

Of the net long-term liabilities outstanding of \$156,666,000, principal amounting to \$96,828,000 plus interest amounting to \$45,860,000 is payable over the next five years as follows:

DOLLARS IN THOUSANDS			
Year	Principal	Interest	Total
1985	\$20,529	\$12,958	\$33,487
1986	21,746	10,693	32,439
1987	19,906	8,800	28,706
1988	18,378	7,383	25,761
1989	16,269	6,026	22,295

4. SINKING FUND

The Sinking Fund of \$24,656,000 consists of the actuarial requirement of the Sinking Fund of \$22,746,000 and accumulated surplus of \$1,910,000. Of the \$1,910,000 an amount of \$1,360,000 has been approved as a reduction of future sinking fund deposits by the Ontario Municipal Board.

Interest at the Statutory rate of 3% over the remaining life of the Sinking Fund Debentures will reduce the amount to be recovered from future tax levies by an additional \$550,000. Interest earned in excess of 3% may, with the approval of the Ontario Municipal Board, be used to further reduce the amounts to be recovered from future tax levies.

5. DEBT CHARGES AND CAPITAL LOAN INTEREST

The Revenue Fund expenditure for debt charges and capital loan interest includes principal and interest payments as follows:

	DOLLARS IN THOUSANDS	
	Elementary	Secondary
Principal payments on long-term liabilities including contributions to sinking funds	\$12,272	\$ 6,935
Interest payments on long-term liabilities	9,331	6,248
	21,603	13,183
Interest expense (earned) on temporary financing of capital projects	355	(133)
	\$21,958	\$13,050

6. UNFUNDED PENSION LIABILITY

In 1980, the School Board agreed to fund an amendment to the pension plan to improve retirement benefits for eligible non-teaching employees in the public school boards of Metropolitan Toronto. The cost, as calculated by independent actuaries, is being funded over fifteen years in amounts of \$2,385,000 from 1980 to 1982 inclusive, and \$2,670,000 thereafter.

7. SICK LEAVE CREDIT GRATUITY

Under the sick leave credit gratuity plan, employees may become entitled to a cash payment upon retirement, upon becoming totally and permanently disabled, or upon death. The gratuity is based on one-half of the employee's accumulated unused sick leave credits and the statutory limits. The amount of the retirement gratuities paid in 1984 was \$95,000 and in 1983 was \$31,000.

It is estimated that the contingent liability associated with the accumulated sick leave credits for all employees amounted to \$1,031,000 at December 31, 1984. No provision has been made for the contingent liability with respect to the sick leave credit gratuity plan.

8. ONTARIO INFLATION RESTRAINT PROGRAMME

Salaries and wages paid by the School Board were subject to the Ontario Inflation Restraint Programme under the terms of the Inflation Restraint Act, 1982, and of the Public Sector Prices and Compensation Review Act, 1985.

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